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- Fallacious Saccharin Ban
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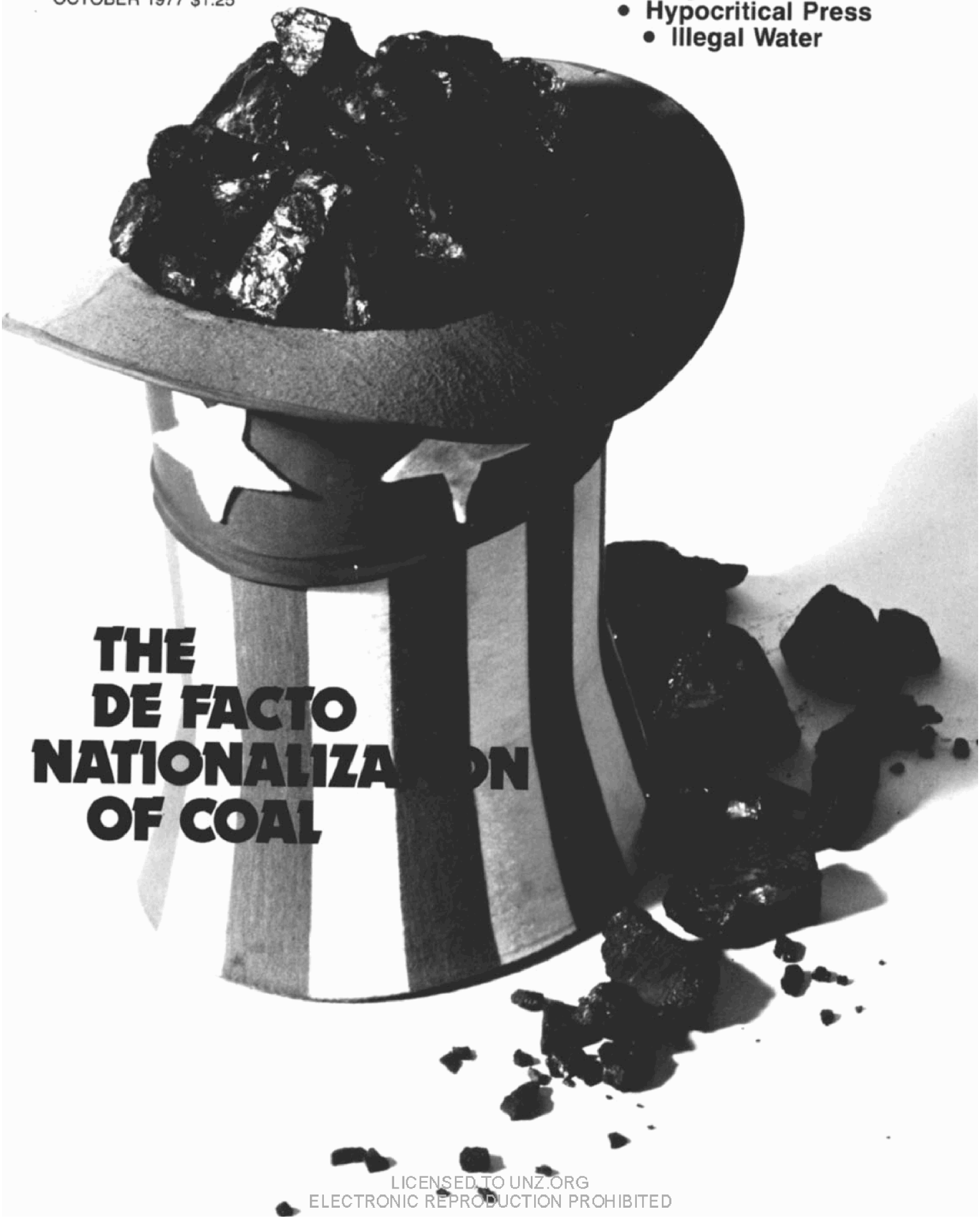

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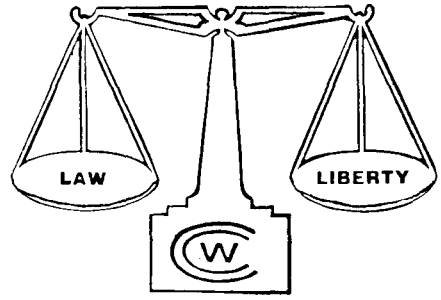

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A forum for analysis and commentary, with an emphasis on individual liberty. OCTOBER 1977/VOL. 9, NO. 6

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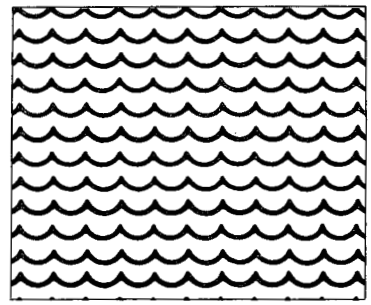

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Cover photo by Jeffrey Hetler

REASON is published monthly by Reason Enterprises, 805 A West Figueroa, Santa Barbara, CA 93101. Tel. (805) 962-1079. Second class postage paid at Santa Barbara, CA and at additional mailing offices. Postmaster: Please send Form 3579 to REASON, Box 40105, Santa Barbara, CA 93103. Copyright © 1977 by Reason Enterprises. All rights reserved. Opinions expressed in signed articles or columns do not necessarily represent the view of the editors.

CORRESPONDENCE: Address comments, manuscripts (for return, please include a self-addressed, stamped envelope), classified ad orders (with full payment) and subscription orders to REASON, Box 40105, Santa Barbara, CA 93103. Two copies of manuscript required. Author information sheet available on request. Address mail concerning display advertising to Media Selection Corp., Box 296, Goleta, CA 93017.

CHANGES OF ADDRESS: Please allow six weeks for change of address. Send address label and new address to Circulation Dept., REASON, Box 40105, Santa Barbara, CA 93103. Requests for missing issues due to late notice of change of address, or older than two months from current date, will not be honored unless accompanied by payment.

ISSN 0048-6906

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SUBSCRIPTION RATES: Single copies, $1.25. Special Issues, $2.00 and $3.50. REASON publishes two Special Issues annually, which are sent to subscribers at no extra cost. Subscriptions: one year (12 issues) in the United States, $15.00; 2 years, $24.00; 3 years, $32.00. Other countries: add $1.50 extra per year.

BACK ISSUES: Write for back issue list for current prices. Volumes 1-4 are available on microfilm from University of Southern California Library Micrographics Dept., University Park, Los Angeles, CA 90007. Volumes 5 and up are available from Xerox University Microfilms, 300 North Zeeb Road, Ann Arbor, MI 48106.

letters

REASON's New Design

I just received the July issue of REASON in the mail. Love its new appearance! The new typeface and artwork give it a real classy look. Three cheers for Don Wood!

Bob Osterlund
Chicago, IL

Can't Please Everyone

Your new art director *has* changed the appearance of REASON. In a word: CLUTTERED. If possible, please rehire your old AD or obtain a reasonable facsimile. The new runtogetherformating won't help the cause.

Thomas J. Crowe
San Bernardino, CA

Foreign Policy Realism

I agree with most of what R.J. Rummel said in REASON's July issue. Although I haven't verified "that within a year the Soviets will have a first strike capability" and other such details, it would seem that only a blind fool could not realize that the Soviets seek world domination. All the research one needs to do is to check out his memory for most of his life on this subject; for myself, beginning with Hungary and ending with Africa.

It is interesting to wonder why such a supposedly highly intelligent group, such as the Libertarian Party, could have succumbed to its 1975 foreign policy of nonintervention. The poorly conducted Vietnam War is an obvious reason. Another reason, no so obvious, could be psychological or political expediency. Perhaps many individual libertarians felt a social need to be a part of the mainstream of avante-garde intellectuals (who just happen to be leftists). Or perhaps they thought they could sway some leftist votes in the direction of the LP (Von Hoffman, et al.).

Another reason could be epistemological. Libertarians of Objectivist persuasion have a tendency not to see facts which don't fit their theories; they are relatively strict a priorists, whether they define themselves as such or not.

We are going to have to support not-so-free countries whether we like it or not. The thing to do, however, is to set up some kind of hierarchy of support. Those countries which want our future support must become more and more libertarian. The more support they want, the more libertarian they must become. Those countries which want our immediate support should be worth something to us in terms of material goods we need.

Lawrence Blair
San Francisco, CA

Ingenuous Analysis

If your subscribers wished to read ingenuous articles such as "Wishful Thinking Is No Defense" in your July 1977 issue they would do better to buy *Time* or *Newsweek* for then they would receive lovely color photos with their tripe.

J.A. Conci
Los Angeles, CA

Contra Defense Issue

I was exceedingly disappointed to receive your July issue. I realise that the libertarian movement is coming of age but I do not see that as a reason for the abandonment of libertarian principles. Your issue on defense, to my mind, was not libertarian at all, excepting the one article by Ted Galen Carpenter, merely pointing to a possible political change counter to libertarian interests.

Your article by Ravenal was mis-titled "a libertarian approach to defense." I realize that Ravenal is a big name and that to an extent he agrees with libertarianism. I disagree that his position on defense can be strictly interpreted as libertarian. He argues for the *reduction* of defense spending, on its own ground a compelling one. But merely because libertarians advocate less defense spending and the Libertarian Party advocates nonintervention does not automatically mean that someone who also argues similarly can be regarded as a libertarian.

Your article by Eric Mack, "Permissible Defense," which no doubt was intended as a challenge to libertarian sacred cows, degenerated into a flabby argument that could only lead me to the conclusion that one could argue anything from libertarianism.

But the worst article of all was "Wishful Thinking Is No Defense" by R.J. Rummel. In a sense, the fact that he wished to write an anti-libertarian article at all is an indication that libertarianism is beginning to be taken seriously by the

political mainstream. However, not seriously enough if Rummel was the best opponent we could get. He did not take libertarian arguments seriously, or attempt to rebut them. Rather, his whole tone was, "Hey, guys, I think you're great. But you really gotta face reality, baby!" His argument that the failure of the United States to stem the Soviet advance would mean the gradual Finlandization of the rest of the world fails to come to grips with two fundamental propositions. Firstly, the effects of current U.S. policies. Just to give one example, you no doubt remember the famous Burma Road, the air-lift over the Himalayas to Chiang Kai-Shek's regime, opened by American and British soldiers with great loss of life. You may not know that a regular consignment on every plane, space being at a very high premium, was American-supplied banknotes to fuel the devastating Chinese inflation, one of the fundamental causes, aside from the ineptness and corruption of Chiang Kai-Shek's regime, for the success of the communists in China. Today, the United States is doing the same thing for the whole world via the IMF. The second libertarian position which not only did Rummel fail to meet but you failed to include in a "libertarian" issue on defense is perhaps libertarianism's most potent argument: namely that freedom is the best form of defense. The economic effects of a free United States on the rest of the world would do much more to protect Europe, South Korea or any other part of the so-called free world from Soviet aggression than any number of American boys in uniform.

Mark Tier
Hong Kong

Rummel Rebutted

R.J. Rummel's "Wishful Thinking Is No Defense" [July] should be rebutted by as many libertarians as possible for his understanding of foreign policy issues is distorted, and, what's worse, his recommendations are downright pernicious.

Prof. Rummel states that the "bed rock American national interest is the support of liberty wherever it exists, and whenever it is under threat," and further that we should have the "capacity to meet Communist threats wherever they occur and whatever their nature." Notice that Rummel does not define what this "support" is supposed to entail (financial? military? moral?), or whether he believes we should *use* this "capacity" of ours, but presumably if we are able and willing to support those allegedly threatened by Communism and to meet those threats, this will have to amount to a policy of massive interventionism. Is Rummel even dimly aware of the consequences of such a policy? Is it a *libertarian* position to support a foreign policy that would lead (and in fact in the past had led) to increased militarism, widespread slaughter of innocents, and the likelihood of America getting involved in another war?

Perhaps Rummel does not favor such (a return to) massive interventionism, but his account of recent American foreign policy strongly suggests he does. One of his arguments for his alleged "realistic" foreign policy is that American power protects existing freedoms abroad and that it if is withdrawn "mass slaughter and slavery follow." He uses Cambodia and Vietnam as two examples, but in fact they demonstrate virtually the *opposite* of what Mr. Rummel thinks they do.

Cambodia was a relatively peaceful country under Prince Sihanouk until 1969. A few thousand Communists struggled ineffectively against the government. Then the evil Nixon began secretly bombing the eastern portion of the country used by the North Vietnamese. They responded by moving deeper into Cambodia. In March 1970 Sihanouk left for Moscow and Peking to see if they would hold the Vietnamese back. While he was away, Lon Nol overthrew the government. While opposition to Lon Nol began to move the country toward civil war, Nixon began a full scale war against Cambodia (violating his promise merely to clean out the North Vietnamese "sanctuaries") which resulted in the dropping of 400,000 tons of bombs on a peasant country with no advanced weaponry and the death of 500,000 Cambodians—the proportional equivalent of 15 million Americans. Naturally this all served to strengthen the numbers and ferociousness of the Communist (Khmer Rouge) insurgents. Their intensity combined with the U.S. support of the unpopular Lon Nol regime predictably led to their triumph when the U.S. finally left the decimated country.

In short, it was *American policy* which led to the triumph of the Khmer Rouge Communists. Without our intervention they never would have succeeded. If Cambodia is one of Mr. Rummel's examples of how the U.S. maintains existing freedoms abroad which collapse when we withdraw then we must conclude his ideas are morally blind and historically ridiculous. If it is "realism" to support such a policy then three cheers for utopianism!

To add insult to injury, Rummel claims a proper libertarian foreign policy would strive for nuclear superiority so as to increase the probability of nuclear peace, and further, that it would stop trade with the Soviet Union. As for the first claim, we should strive to *abolish* nuclear weapons, because they are instruments of mass destruction which cannot be used in a libertarian (legitimately defensive) manner. Trying to outdo the Soviet Union will only lead them, as it has so many times in the past, to try to outdo us, thus perpetuating the irrational arms race. This is what [is] supposed to bring us nuclear peace? Will

Continued on p. 8.

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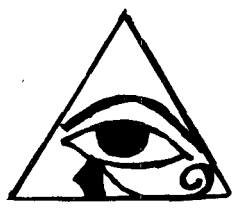

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The Scientists' Faustian Bargain

editorial

Mass-produced insulin, antibiotics, vaccines, and vitamins. Nitrogen-fixing corn and wheat that require no fertilizer. Algae that produce hydrogen from water, fueled by solar energy. Eventually, a cure for cancer.

Science fiction? Far from it. These are just some of the possible long-term results of research with recombinant DNA, a technique that is revolutionizing molecular biology. In just the last five years recombinant DNA research has produced major advances in fundamental knowledge of genetics. Early this year the gene which produces insulin in rats was successfully isolated, transplanted into bacteria, and produced in large quantities. The potential applications of this new technology are truly awesome.

In the face of this potential, the U.S. Senate is considering legislation to slap controls on all recombinant DNA research. Sponsored by Sen. Edward Kennedy, the bill would set up a federal commission to license research facilities, send out teams of inspectors, and—in the event of violations of federal research regulations—revoke the license and fine scientists up to $10,000 per day per violation.

Understandably the scientists conducting this pioneering research are up in arms. One senior biologist says Kennedy's bill "smacks of Lysenkoism"; others equate it with "prior restraint" on freedom of expression; while still others consider it "only the tip of the iceberg" of a new campaign to regulate and control vast areas of genetics and other frontiers of biological research. Even the Americans for Democratic Action has condemned the bill, arguing that past attempts to control scientific research led to Lysenkoism in the U.S.S.R. and to "some of the inhuman practices in Nazi Germany."

Ironically, it is the molecular biologists themselves who have inadvertently led to the calls for regulation. At the annual Gordon Conference of molecular biologists in 1973 researchers Paul Berg and Stanley Cohen of Stanford raised a number of questions about *potential* risks in the research that they and others were carrying out—such things as the accidental creation and release of hazardous new strains of viruses or bacteria. At the conclusion of the meeting the biologists voted to send a letter to *Science* expressing their concern and asked the National Academy of Sciences to appoint a commission to study the risks.

In 1974 the commission, headed by Berg, issued an announcement asking all recombinant DNA researchers to refrain from conducting a limited number of types of possibly risky experiments, until more information could be obtained. At the 1975 conference, Berg and the others voted to continue the voluntary ban and asked the National Institutes of Health to issue guidelines spelling out the level of safety precautions needed for different types of experiments. The guidelines, specifying various levels of containment facilities (labeled P-1 through P-4, in increasing order of security) were voluntarily adopted by most researchers, and were subsequently mandated by NIH for all federally funded recombinant DNA research, as of June 1976.

All along, the hazards against which the moratorium and the guidelines were aimed have been purely hypothetical. In five years of research and the creation of billions of bacteria containing foreign genes, not one person has been harmed. The biologists have bent over backwards to be responsible, taking all conceivable precautionary steps to protect against hazards that *might* exist, and widely publicizing their efforts within the scientific community. "This unprecedented act of caution is so novel," says Cohen, "that it has been widely misinterpreted as implying the imminence or at least the likelihood of danger."

Yet it is impossible to prove in advance that no possible risk exists. Just as it is impossible to prove that a vaccine injected today into millions of people will not lead to infectious cancer 20 years from now. All that can be done is to make the most reasonable assessment of risks and take all possible precautions. Which is exactly what the molecular biologists have done.

No matter. Political demagogues and professional doomsayers at once sniffed an issue on which they could capitalize. Teddy Kennedy began holding hearings on possible federal regulations in April 1975. In July 1976 Mayor Alfred Velluci convinced the Cambridge city council to ban P3 research at Harvard and MIT. State legislators in New York, California, New Jersey, and Pennsylvania convened hearings. Massachusetts governor Michael Dukakis argued for a "public right to regulate research."

And the usual crowd of professional environmental doomsayers rolled into action. Jeremy Rifkin's People's Business Commission invaded a National Academy of Sciences forum on recombinant DNA last March chanting "We shall not be cloned."

All the while knowledge kept accumulating. By April of this year, Cohen, Berg, Roy Curtiss, and the other originators of the guidelines concluded that their original concerns had been vastly overstated. Curtiss circulated numerous copies of his April letter to the director of NIH laying out the evidence for reducing the stringency of the existing guidelines. As a result, this year's Gordon Conference (in June) produced a letter to Congress, signed by 137 delegates, expressing strong opposition to the Kennedy bill.

Unfortunately, such pleas for reason and freedom are not likely to have much influence on politicians whose constituents have been inflamed by Sunday supplement accounts of scaly monsters crawling out of test tubes. And it is, after all, Congress which provides the funding for over half of all research and development in this country—and for the vast majority of all basic research. There's more truth than triteness in the old saying that he who pays the piper calls the tune.

At the close of World War II the American scientific community allowed its leaders to make a Faustian bargain with the federal government. To be sure, they didn't realize it at the time. They thought, naively, that by placing scientists in key positions in the National Science Foundation and the National Institutes of Health, they could obtain the benefits of government funding without the burdens of government control. They are now learning, as have public school officials and university administrators, that there ain't no such thing as free federal money.

This basic dilemma was anticipated seven years ago by biologist Jacob Bronowski of the Salk Institute. At a conference of the British Society for Social Responsibility in Science, Bronowski advanced the radical notion that scientists should "disestablish" themselves from government. By developing methods of selling rights in their discoveries for royalty payments, they could finance their own research, remaining free of government controls. Perhaps now, under the direct lash of federal licensing and penalties, scientists will awaken and declare their independence.

Robert Poole, Jr.

What silver & gold investors should know about diamonds

Many silver and gold investors are now diversifying their portfolios with diamonds, for several reasons. First, since Biblical times, diamonds have been treasured as an enduring *store of value.* Their value has been preserved—and even increased—during wars, revolutions, inflations, and monetary crises of all kinds. Furthermore, they are perhaps the world's most *portable* form of wealth. You can easily put several million dollars worth of diamonds —weighing only a few ounces—in a small pouch in your pocket and carry it wherever you wish to go.

Because of these advantages, demand for diamonds throughout Europe, Japan, the Arab countries and here in America has been increasing sharply in recent years. Yet, the supply of top-quality diamonds is very small—far from enough to meet the demand. At current rates, all known reserves will be worked out in 30 or 40 years. And as the mines go deeper, they are yielding small stones.

As a result, diamond prices have been rising steadily —offering you an excellent opportunity for substantial appreciation. A recent article in *U.S. News & World Report* pointed out . . .

> "Gems . . . have continued to advance in value with no real setbacks, and many experts think the trend will continue, with [price] increases averaging 15 per cent or more a year."

Indeed, between 1953 and 1973, the retail price of a flawless 1-carat diamond increased from $850 to $5,000. Since 1973, *the price has more than tripled again.*

There is no iron-clad guarantee that diamond prices will continue to rise, but the outlook seems excellent. It simply goes back to the supply-demand situation. Inflation, monetary crises and political unrest continue unabated, demand for diamonds is at record levels, and the supply of diamonds is limited.

Yet with all the advantages of diamonds as a store of value, a hedge against inflation, and its steady price increases, many silver and gold investors have hesitated to purchase them. The main problem has been that grading of diamonds has been generally subjective. Different jewelers have often given different grades to the same diamond. So, in the past, it's been difficult to determine the precise value of your diamonds.

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letters

Continued from p. 5.

Rummel feel secure knowing we can wipe out all the Soviets 100 times while they can only wipe us out 80 times?

As for the second claim, hasn't Rummel ever heard of the libertarian principle of free trade? If we can't trade with the Soviets, will we be allowed to trade with Chile, China, Argentina, Poland, Uganda, or any other dictatorship for that matter? If we are prohibited from trading with evil countries we will end up losing most of our foreign trade. That's a libertarian foreign policy?

Libertarians must reject the siren-call of Prof. Rummel. His arguments for his positions are so poor that I hope that no libertarian—at least no rational libertarian—will be seduced by them.

Danny Shapiro
Minneapolis, MN

Prof. Rummel replies: 1. I do not call for direct American intervention in Eastern Europe, the Soviet Union, China, or elsewhere where communists have taken over the State and eliminated opposition. That is begging a nuclear war. I do assert, however, that we should help, outside these barbed wire borders, those whose freedoms are threatened by communist aggression or subversion.

2. Mr. Shapiro asks if it is libertarian to support a foreign policy that would lead to increased militarism, widespread slaughter of innocents, and the likelihood of another war. Of course not. Thus, I recommend a more realistic policy. For, if we ignore the attacks of aggressive totalitarianism on freedom elsewhere, we ourselves eventually will be attacked at home. WE shall face an eventual transitional militarism at home, the death of millions, and finally, a communist victory. If it be "massive interventionism" to protect against this, so be it.

3. Cambodia and Vietnam do not argue against my policy, but rather for its implementation with careful attention to the interrelationships between politics and war. The lesson learned is that America cannot fight a protracted limited war against communists, and can aid those threatened only when we can achieve a rapid military conclusion—that we should use our military forces toward that end. Otherwise, many will die to no avail while we weaken ourselves.

4. The point that we can already kill the Soviets 100 (or 50 or 10) times over with our nuclear weapons, the workhorse argument against increasing our strategic forces, is dangerously fallacious. What counts is not how many weapons in stock before a war, but what remains after an enemy attacks (we had an invulnerable Pacific fleet before Pearl Harbor). And Soviet strength is such that they should soon have the ability to destroy most of our nuclear weapons and easily survive any retaliation we could launch. Not overkill, but underkill is our problem.

5. Mr. Shapiro does not believe that U.S. nuclear superiority or an "arms race" would preserve the peace. He is wrong. The belief that arms breed war seems commonsensical. So is the perception that the sun goes around the earth. Of course, if a major power totally disarms it can escape war. The price is domination. Presuming Mr. Shapiro is not recommending surrender, the question is what relative balance of arms between enemies best maintains peace and freedom. The historical and scientific evidence argue that in confrontation between a status quo and revolutionary state, as we have now with the US and USSR, peace is preserved when the status quo power maintains a dominance in power. The situation most conducive to war exists when the revolutionary state is overtaking the other in power—precisely what is happening now. If current military and political trends continue, we will be faced with either nuclear war or global communist victory—I see no middle way.

6. As for free trade, I argue for no law prohibiting trade with or private loans to communist countries; or against serving in their armed forces, for that matter. I do vigorously oppose, however, the *American government* giving communist countries economic aid, special trade arrangements, or loans. As for private trade, those who are upset by companies selling to the Soviet Union goods that help their war machine or repression should use voluntary boycotts, protests, stock holder meetings, and exposure to persuade. Not government coercion.

In sum, we are now fighting World War III. The issue is libertarian freedoms versus absolute subjugation to the State. Diametrically opposed ideologies are confronting each other; yet too many professing freedom are unaware of the battles.

Never could so many lose so much to so few. — **R.J.R.**

Witchcraft Defended

Hey, guys, let's be a little more careful in our book reviews, all right? I'll admit that we don't share metaphysical presuppositions, but if your reviewer [July] wants to impugn my scholarly integrity ("a professional historian has written a book on the occult without having done one iota of original research on the subject"), he should be more careful.

Your reviewer doesn't like my conclusions. Fair enough. But why refute my references to spontaneous human combustion by saying that such references are invalid because they appear in "a pulp paperback," *True*, and *True Detective*? If we were to rely on the conventional press for our appreciation of the works of Mises, or our understanding of World War II revisionism, we would be very limited. The reviewer seems to think that if *The New York Times* doesn't have it in the index, it isn't possible.

He refers to Klass' study of the supposedly phony incidents of spontaneous human combustion, but the review cites three cases that I did not rely on. The key case, investigated by an anthropologist at the University of Pennsylvania, on which I based much of my *admitted* speculation, was not refuted. Why pick out three "refuted" cases to expose my poor scholarship when I never used these cases in making my case?

Again, I relied very heavily on the research of Arigo, the incredible "surgeon with the rusty knife" who operated on 2 million people in a 20-year period. Not one word of refutation from the reviewer, only the impugning of my source, Puharich. Then he refers to another book which casts doubt, not on Arigo, but on the healers in the Philippines, whose stories I was careful to admit are not nearly so reliable, though not all fraudulent all of the time.

What really astounds me is the reviewer's criticism of my conclusion "that the Third World has embraced socialism because it is in bondage to the Devil." I happen to believe that this is a partial explanation, but the chapter in question was based on the writings of Helmut Schoeck, whose book *Envy* is a classic and was introduced to me by Murray Rothbard, and the crucially important findings of P.T. Bauer, which he argues most forcefully in his *Dissent on Development* (Harvard University Press, 1972). What is so wrong with relying on men like these, even if I didn't do my own original research? If they offer evidence that explains the economic backwardness of the Third World in terms of the widespread fear of witchcraft and the almost universal belief in malevolent occult phenomena, why should I fail to use their findings? Is citing a secondary source the sign of academic incompetence?

Readers of REASON will not like the book. But to conclude the book review with an attack on a chapter that first appeared in *The Freeman*, and to use rebuttals of facts that I either didn't use or deemphasized, does appear a bit ridiculous. *None Dare Call It Witchcraft* is a semi-

popular book aimed at a popular market and published by a conservative press. It is not a work of primary scholarship, nor was it intended to be. With the title it bears, no one (save your reviewer) could conclude that it was aimed at the university press market. I tried to make a few bucks with a popular book on a popular topic. Big deal.

Anyone who thinks I didn't adhere to the accepted canons of modern university research is correct. This doesn't necessarily invalidate the book. And a reviewer who is stick-man prone in his arguments isn't the one to tell readers that I lack academic competence and integrity. My potboiler book is a lot better than your potboiler review.

And, just for the record, it was a lot more profitable.

Gary North
Springfield, VA

Business As Ally?

Though much of Thomas Hazlett's article [July] is correct and insightful, one of its main points needs examination and further discussion.

He accepts willingly the idea that business (any size) is at war with government, a point that's possibly true of some businesses. But then even more willingly he accepts the idea that business is capable of fighting effectively for business freedom. And that's a point supportable neither in logic nor in historical fact.

Though some businesses, I'm sure, fight like the devil to keep various government minions at bay, it seems to me essential to a clear understanding of capitalism that business is not the element which benefits from it. Businesses, in fact, are punished—or at least, disciplined—by the free enterprise system. Only consumers benefit.

Expecting businesses, therefore, to defend the barriers seems to me to be unproductive. We would not ask a fox to guard the chickens. And we should not ask businessmen to assure market competition.

If ever we're to keep what economic freedom we still have, or roll back the smothering blanket of controls, we'll have to expect to do it as consumers, not as businessmen.

James E. Foy
Burbank, CA

Response from Mobil

Thank you for your recent letter and the article from REASON discussing Mobil's series of messages on economic policy.

Mr. Hazlett's views seem to differ from ours more in degree than in principle. He would like, I gather, to see a return to a *laissez-faire* economy that has not existed in this country for decades; we believe such a hope is futile, and not necessarily in the interests of most Americans.

There are abuses in government regulation, in taxation, and in the burgeoning bureaucracy—as Mobil has often pointed out in its advertising. But, it seems to us, the practical solution is to correct the abuses, not to try to dismantle the whole system. That system, after all, is an outgrowth of the democratic process. There is a need for some regulation, for a Social Security System, and for services that only the government can feasibly perform. The constructive approach, we believe, is to reduce the government's role to those areas where free enterprise cannot function effectively. An "all-or-nothing" approach is simply not practical.

I appreciate your interest in our messages, and thank you again for writing.

William P. Tavoulareas
President, Mobil Oil Corp.
New York, NY

Money and the Fed

Obviously, David H. Rogers, the reviewer of Martin Larson's book *The*

JUST RELEASED!! The New Book Which Is Astonishing Some of the Staunchest Objectivists with Its Identification of Fundamental Fallacies in the OBJECTIVIST ETHICS!!!——

AYN RAND and ALIENATION

(The Platonic Idealism of the Objectivist Ethics and A Rational Alternative)

by Sid Greenberg

Copyright © 1977 by Sidney (Sid) Greenberg

Contrary to the widely accepted views that "Objectivism failed" essentially because of the personalities and attitudes of the founders of the Objectivist movement, or because of the weaknesses of the philosophy's students, **AYN RAND and ALIENATION** by *Sid Greenberg* demonstrates that the failures were and are primarily a result of invalid and therefore rationally unpracticable ethical premises.

AYN RAND and ALIENATION, in a straightforward and uncomplicated manner shows that Objectivism's allegedly rational standard of value and moral primary, "man's life *qua* man," necessarily leads to both emotional alienation and institutionalized guilt-feelings—those experiences so obviously widespread in the Objectivist movement.

AYN RAND and ALIENATION shows that far from leading to happiness, "man's life *qua* man" as one's moral primary insidiously serves to *destroy* it, thus validating Nathaniel Branden's statement that "Objectivism has something anti-emotional about it."

The book further explains how the false and platonic premises of the Objectivist ethics led to the "moral authoritarianism" that was so prominent in the Objectivist movement, and how such premises and practices combined to create other religion-like symptoms in so many of Objectivism's "followers"—symptoms such as psychological automatism, "psycho-epistemological platonism," stultified individuality and creativity, etc.

The foregoing describes the first major portion of **AYN RAND and ALIENATION** by *Sid Greenberg*. As important and illuminating as it is, the second portion outdoes it. For therein is something to create a rejuvenation of excitement over the subject of ethics: The presentation of an alternative to the ethics of Objectivism, i.e., the introduction of a new standard of value — a standard which, while being *authentically* objective, while being a "tool of cognition," simultaneously allows one to *rationally* hold as a moral primary one's own *happiness*. This, of course, is in opposition to Objectivism's view, which advocates as morally prime an emotionally alienating focus on nothing but abstractions.

The identification of this unifying ethical-psychological concept involves a truly new, radical, and startlingly ingenious departure from certain universally accepted views of the *nature of consciousness*, and represents what might be one of the most original and important ideas in the history of *philosophy*. Interestingly, *the proof of this idea involves* arguments which are largely similar in *form* to those of Rand on the subject of ethics.

As additional points of interest, **AYN RAND and ALIENATION** presents a brief history of the Objectivist movement, as well as an introductory satirical short story (also by *Sid Greenberg*) dramatizing a style of emotional alienation characteristic of many "students of Objectivism."

The book's author, Sid Greenberg, a former long-time "student of Objectivism," is most widely known for his satirical philosophical limericks, and, as publisher of the significantly popular *The I In You*, a book of poetry by Darlene Bridge.

Indescribably Important Reading! Order Today!!

AYN RAND and ALIENATION
(The Platonic Idealism of the Objectivist Ethics and A Rational Alternative)

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Federal Reserve. . . [June] is an economist and not a banker. Any informed banker (and there are not too many left) knows that the Federal Reserve Act of 1913 empowers the Fed to create "money" credits by means of a mere bookkeeping entry. These "money" credits are offered to the U.S. government in exchange for interest-bearing securities. The "money" credits may then be exchanged for pieces of paper called Federal Reserve Notes which cost about one cent each to produce. The Fed, however, continues to receive the interest from the securities. It is easy to see why Mr. Rogers is confused. Many others, both in and out of banking, are also confused. But why is Mr. Rogers so incredulous that the U.S. government sells its securities to the Fed for, what is, in effect, nothing? Is Mr. Rogers not aware that apparently irrational behavior from the U.S. government is what three generations of Americans have come to expect?

The real benefit of the Federal Reserve scheme, however, accrues to those money managers who have unlimited access to the Fed's volumes of information. Mr. Rogers could be wealthy beyond his imagination if he had access ahead of other investors to Fed plans for the money supply, Fed and other central bank intervention in currency exchange rates, Fed economic pronouncements which often influence securities prices, etc. Anyone privy to this information in advance of the public (such as the Fed's decision makers, whoever they are) could multiply his assets fifty to a hundredfold within 12 months.

The Federal Reserve is a confidence man's dream.

Gabor A. Burns
San Francisco, CA

Mr. Rogers replies: Mr. Burns' main comment, that the Federal Reserve can "create money" by bookkeeping procedures, is true, but totally irrelevant. My review chastised Larson for claiming on several occasions that *member banks* (commercial banks that are members of the Federal Reserve System, of which there are about 5,800) have this same money-creating ability—which they do not. Apparently, confusion on this point is not limited to Larson; Mr. Burns displays a healthy dose of it himself.

As for Mr. Burns' other comments, I should note that typically the Federal Reserve does not buy securities directly from the Treasury; instead, it purchases "seasoned" issues from banks, private individuals, etc. Also, the Federal Reserve System's profits, derived primarily from interest on Treasury securities, are returned virtually in total to the Treasury each year.

Unquestionably, advance knowledge of Federal Open Market Committee directives, etc., could be very lucrative. However, I am unaware of any instance in which insiders at the Fed have used such knowledge for personal gain. Mr. Burns' intimation that Fed "money managers" are the real beneficiaries of the Fed's existence, is merely an undocumented *ad hominem*.—**D.H.R.**

reason's comment of the month

The letter below, by subscriber Alan Reynolds, appeared in the July/August 1977 issue of *Skeptic*.

BIG CAPITALISM

Sidney Lens has managed to blame all the ills of the world on something called "capitalism," or maybe "private socialism." In looking over his list of symptoms of capitalism's illness, one would have to conclude that the concept of capitalism embraces government deficits and debt, government monetary policy, a cartel of foreign governments (OPEC), the governmental debts of poor countries, after-tax wages and the US failure to win the Vietnam War. Lens even argues that "private socialism has reached its outer limits" because the *public* sector spends a third of the GNP in the US, more than half in Britain.

Defining capitalism as big government gets particularly treacherous when Lens starts worrying about militarism and debt. The Soviet Union and Cuba are hardly the best models of pacifism and nonintervention in foreign affairs, and Eastern European debt to the West is now around $54 billion. Is this, too, a sign of decadent capitalism?

Lens wants to say that Western-style militarism and debt both do and do not promote prosperity. He therefore correctly denies the Keynesian absurdity that government debt creates assets without corresponding tax liabilities, yet he attributes the World War II decline in unemployment to "Keynesian magic" rather than to the fact that Civilian Conservation Corps and Works Progress Administration workers were counted as unemployed, while conscripted soldiers were not.

The whole thing comes down to an assertion that 1) since government has bungled fiscal and monetary policies, we should give the government total authority to decide who shall produce what for whom, and 2) since Lens doesn't like the existing distribution of rewards, we should replace economic incentives with raw force. Unless he can show us why we should trust his gang more than we trusted Nixon's, maybe we would be better off relying on voluntary exchanges among consenting adults.

Alan Reynolds
Vice President,
First National Bank of Chicago

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Mass Publicity

Your article on conscription [July] should be reprinted on pulp and distributed at all high schools in the United States. Much as the Jehovah's Witnesses, Black Panther Party, and U.S. Labor Party print for mass circulation, so there should exist a readily available, cheap libertarian newspaper, with special subjects distributed to related locations (schools, businesses, concerts, etc.).

I would also make another suggestion while I'm at it. I happened to obtain a copy of the 1974 Libertarian Party Platform, adopted in convention, and have been trying unsuccessfully to obtain more copies. All the blather and printed material we put out is not of much use unless this platform becomes known in its formal state to many people. Therefore, I humbly suggest that when the new platform is solidified after the convention in July, it be printed on the middle pages of every libertarian publication every month, so that subscribers could pull it out and give a copy to someone new every month. Should be no longer than four page sides so as to make Xeroxing easy as well.

John Rosenstock
Portland, OR

brickbats

☐ **Libertarians who would like an excuse to celebrate** might set aside October 16 to commemorate John Brown's famous raid on the arsenal at Harper's Ferry in 1859. Heaven knows that October doesn't offer many other anniversaries for the friends of liberty. For example: on October 6, 1890, the U.S. government outlawed polygamy; the cornerstone of the White House was laid on October 13, 1792; and October 27 is the 73rd anniversary of the opening of the New York subway.

☐ **Our Logician of the Month Award** goes to Dr. Mary Calderone of SIECUS for saying; "There's an impression that there is 'all that sex education' in the schools, but if it were there, we would not have the high venereal disease and pregnancy rates we have today." One question: why should the public schools be any less incompetent at teaching sex than at teaching reading?

☐ **Well, maybe we shouldn't blame the schools.** A poll of 4,000 high school students at a Future Business Leaders conclave listed Richard M. Nixon as a "modern-day hero." Other "heroes" were Billy Graham, Bob Hope, and Ralph Nader.

☐ **Six months ago** yr hmbl srvnt told you that the Department of Health, Education, and Welfare was planning to define alcoholics, drug addicts, and the mentally ill as "handicapped," and illegal to discriminate against. So has it come to pass; indeed, HEW regulations now forbid employers who receive federal funds from even asking prospective employees if they are alcoholics or drug addicts. The nation's public schools are covered, of course, and some reactionaries therein have expressed qualms over not being allowed to bar alcoholics from driving school buses. On top of that, employers must take "positive steps" to hire the "handicapped." So if you, Gentle Reader, should undergo surgery for, say, cancer, reflect that if your hospital takes the federal shilling your surgeon may have been recruited from skid row. And they wonder why Laetrile is so popular....

☐ **Why was the defeat of the breeder reactor** an anointed liberal cause? We libertarians would object to spending 150 million tax dollars on the Clinch River experimental breeder, but since when did Teddy Kennedy object to government spending? The breeder would produce plutonium, which terrorists might fashion into bombs, but terrorists from Washington to Peking have lots of bombs already, and anyway the French, German, and Japanese breeders will turn out plenty of plutonium even if the United States never produces a gram. But listen to the ultimate objection, as reported in the *New York Times*: "Opponents...have contended that the breeder would produce more atomic fuel than it would consume," thereby laying the "energy crisis" to rest for centuries. So the cat is out of the bag.

☐ **How the right wing did howl** when the Soviet eavesdropping story broke! You remember how it was revealed that several Soviet diplomatic establishments in this country are equipped with microwave receivers to pick up all long-distance telephone calls for 12 miles around, and with computers to sort out those made to or from government offices. Although the most sensitive federal telephone traffic moves not by microwave but by special underground cables, Sen. Patrick Moynihan (D-NY), for one, damn near had a coronary infarct on the floor of the Senate, ranting about how the "wiretapping" (it isn't) shows how the Soviets treat us "like Russians." An apposite simile, that; Phyllis Schlafly, in her hysterical column on the subject (about July 27), let slip that "The United States has similar equipment in our U.S. Embassy in Moscow, but it is only 10 percent effective because the Russians jam it by beaming radiation at our embassy. This is what causes the high radiation readings at our embassy." Shame on the Russians! Mrs. Schlafly wants us to sever relations with Moscow if they don't behave. Instead, the obvious retaliation would be for us to irradiate the Soviet embassy in turn; but in the meantime, file this under the double standard, Cold War division.

☐ **Can't Teach An Old Dog Dept.:** The New York State legislature has voted to give New York City $400,000; so it can bid for the privilege of hosting (and subsidizing) the 1984 Olympics.

☐ **As you may know** the Senate Human Resources Committee has voted to shelve any ban on saccharin for 18 months. This caused that veteran VOICE OF MODERATION Sen. Gaylord Nelson (D-WS) to cry that "public pressure has caused Congress to collapse and run.... I think it's a terrible precedent." (Terrible isn't the word for it. Can you imagine what *chaos* would ensue if Congress started to pay attention to the public?) Nelson sees it as "part of a whole pattern, the effect of which will be to go back to the patent medicine nonsense of the last century"—which might be an improvement. The patent medicine hucksters sold their wares only to willing customers; as opposed to Nelson and his ilk, who seek to force *their* FDA snake-oil on everyone.

☐ **Those who believe** that Winston Churchill's epitaph should have been "He was better than Hitler" (as Ralph Raico suggested in *The Libertarian Forum*) might change their minds after reading Mr. Bradley F. Smith's new book *Reaching Judgement At Nuremberg*. According to Smith, the Butcher of Dresden thought the German leaders should be shot without trial, and caused the British government to "prepare lists of between 50 and 100 names of leading Nazis who should be executed immediately after capture." Churchill was prevented from carrying out his plans by President Truman—and *Joseph Stalin*, who thought it "absolutely essential" that the Nazis get a trial. Perhaps Winston's tombstone should read: "He was worse than Stalin"?

☐ **Reportedly some Washington wags** call the neutron bomb "the Republican bomb;" it destroys people, not property. It's meant to destroy Warsaw Pact soldiers, if and when they invade western Europe. Almost no one seems to have noticed, however, that according to the Defense Department, the N-bomb has been around for years. The warhead for the defunct Spartan anti-ballistic missile system was a neutron bomb, meant to destroy incoming missiles by spraying them with neutrons. This was a very big secret, at the time.

☐ **Most people,** if they think about the plight of the South African blacks at all, probably extrapolate from the former condition of American blacks, seeing apartheid as the counterpart of Jim Crow. But here is South African surgeon Dr. Christian Barnard (of heart transplant fame) to set them straight: "It's much more correct to compare South African whites to American blacks." Indeed, Barnard claims that it is the whites who are the real victims of discrimination—by such as Jimmy Carter. Maybe Barnard is seeking publicity for the first brain transplant.

Bill Birmingham

trends

Cogeneration—Road to Competition

Virtually unnoticed in President Carter's voluminous energy plan is a brief endorsement of "cogeneration." This term refers to the production of electricity from steam used in industrial processes. As such, it is a form of recycling—making use of heat energy that would otherwise be wasted as thermal pollution. Cogeneration is not new. At the turn of the century most industrial plants generated their own electricity from steam, though only 14 percent were still doing so in 1974. Why? Largely because decades of governmental cheap-energy policies, especially natural gas price controls, had made purchased electricity less expensive than by-product electricity.

But times are changing. In a recently completed study for the American Enterprise Institute, Prof. Edward J. Mitchell and a group of colleagues (including Alan Greenspan) found that expanded use of cogeneration could be exceedingly beneficial. Cogeneration appears to be economically feasible for 43 percent of all industrial plants. In such plants installation of modern cogeneration equipment could not only make the plant self-sufficient in electricity, but also enable it to become a seller of electricity—either to other industries or to the local utility. If the larger firms installed cogeneration capacity 20 percent above what was needed for their own electrical needs, a total excess capacity of 57,000 megawatts could be available in 1980—which is over half the electricity expected to be needed by all industry in that year. By 1985 such systems could be saving 680,000 barrels of oil per day.

Why aren't firms rushing out to purchase cogeneration equipment? The AEI report cites the regulatory structure under which the utilities must operate—state regulation, the Federal Power Act, the Public Utility Holding Company Act, antitrust laws, and tax codes—and suggests revising them to remove these institutional barriers. Several companies are geared up to supply cogeneration hardware, including Thermo Electron Corp. and Sunstrand Corp. Both Pacific Gas & Electric and Southern California Edison have recently agreed to purchase surplus power from industrial cogeneration plants being built in California.

But the most exciting aspect of cogeneration, beyond the vast energy savings, is its potential for introducing competition into the electricity market. Prof. Mitchell notes that widespread cogeneration "would result in a proliferation of independently owned power sources, operating at costs significantly lower than those of the present regulated utilities." This, of course, runs "directly counter to the assumptions that have always governed utility policy—namely, that utilities are natural monopolies and that regulation is essential...." Thus, if specific regulatory barriers can be removed, cogeneration may well knock the props out from under the entire justification for public utility regulation, returning this "natural monopoly" to the competitive marketplace.

SOURCES:
- *Toward Economy in Electric Power*, Edward J. Mitchell and Peter R. Chaffetz, American Enterprise Institute, 1975 ($2.00)
- "Saving Energy the Cogeneration Way," *Business Week*, June 6, 1977, p. 99

Air Bag Opposition

In the face of Transportation Secretary Brock Adams' decision to require air bags on all new cars, strong opposition has been developing. As set forth many years ago in REASON (see "Is 'Inflation' Good for You?" by Brock Yates, March 1971), air bags are costly, ineffective, and potentially hazardous.

The costs include not only the initial cost—ranging from $193 (G.M.) to $250 (Chrysler)—but the additional fuel consumption due to 50 lbs. of extra weight, the cost of maintenance (to keep the system in working order), and replacement of the bag and repair of the interior in the event of actual bag inflation. Rep. Bud Shuster of Pennsylvania estimates that the typical motorist will pay $2000 more over his driving life if air bags are installed on all cars.

More serious than the dollar costs are the hazards of air bags. To begin with, the bags offer protection only in frontal crashes, and then only if the car's speed is over 22 mph. Yet side impacts, rear-enders, rollovers, etc. account for 45 percent of all traffic fatalities. If people cease using lap/shoulder belts, thinking air bags will protect them, the number of fatalities is bound to rise. The National Highway Traffic Safety Administration has released figures showing that lap/shoulder belts are 5.5 times better at saving lives and 2.5 times better at preventing injuries than air bags. But NHTSA claims people don't use the belts. They base this claim on shopping center surveys that showed only 20 percent buckling up. But Dr. Howard Goldmuntz, researching accidents under federal contract, found that belts were in use in 44.2 percent of the 1975 cars involved in accidents. Out on the road, as opposed to in parking lots, people *are* buckling up. Goldmuntz has calculated that at the 1975 *voluntary* rate of belt usage, 30 percent more lives would be saved than by use of air bags.

All of this neglects perhaps the worst hazard of all: accidental inflation, leading to possible loss of control of the car. So far, of the 11,000 cars equipped with air bags from 1973 through 1976, some 7.3 percent of all air bag inflations have been accidental. Rep. Shuster predicts 30,000 accidental inflations per year if all U.S. cars were air bag equipped.

Consequently, congressional opposition to Adams' mandate is rising. Shuster and Rep. Steve Symms are sponsoring a bill to overturn the plan. So far they have 150 sponsors. The *Wall Street Journal* has also endorsed their efforts. Hopefully, this new dose of governmental paternalism will go the way of the hated interlock/buzzer scrapped by Congress three years ago.

SOURCES:
- "The Half-Safe Car," *Wall Street Journal* editorial, July 20, 1977.
- "Air Bag Fiasco Endangers Lives," Steve Symms' *Washington Report*, July 24, 1977.

State Gambling—A Lousy Bet

The State tends to foul up most of the things it gets involved with. It should come as no surprise, then, that a $76,000 federal evaluation of State-operated gambling concludes: "No one but a fool would gamble with State-run gambling operations." In point of fact, state lotteries are limited by statute to paying out only 40-45 cents on the dollar. Illegal numbers games pay out 60-70 cents, while slot machines pay 75-95 cents and sports bookmakers pay about 95.5 cents on the dollar, reports G. Robert Blakey of Cornell, who directed the study.

Other critics note further that local numbers operations provide much better service to customers than do state lotteries. The numbers pay off within a day or two, not weeks later as with the lottery. The numbers can be played on credit, unlike the lottery. Numbers can be played for as little as a penny, and nickels, dimes, and quarters are frequently bet.

Most state lotteries require 50 cents or a dollar. And of course, numbers winnings are generally not reported as income and are therefore not taxed.

As of now 13 states operate lotteries or other forms of gambling, attempting to compete with the black market. And 15 others will join the fray by 1980, predicts the Public Gaming Research Institute. State officials expect to sell about $2.2 billion worth of tickets this year. Yet lotteries and other State-run gambling operations contribute only marginally to raising revenues. The largest percentage of any state budget derived from gambling revenue is New Hampshire's 2.44 percent. State-run gambling seems to be a dubious intrusion of the State into yet another area better left to the marketplace.

SOURCES:

- "Study Calls State Lotteries a Bad Bet," AP (Washington), May 23, 1977.
- "The States Muscle In on the Numbers Game," *Business Week*, May 9, 1977, p. 113.
- "Numbers Game: 'You Try to Survive,'" Robert Daniels, *Cleveland Plain Dealer*, May 4, 1977.

The Right to Run Your Business

In recent years antitrust laws and court decisions have usurped more and more of management's decision making authority. Increasingly the government tells people how to run their businesses. Against this backdrop, two recent court decisions stand out in marked contrast.

In the first case, the U.S. Supreme Court ruled 7-2 that manufacturers are free to specify the locations at which their products may be sold by franchised retailers. The decision overturned the 1967 ruling that made such restrictions on retailers a *per se* violation of the Sherman Act. The case arose from a Sylvania Corp. marketing strategy to limit the number of dealers in a given area handling its color TV sets, and to require them to sell only from locations authorized by the company. In the court's decision, Justice Powell stressed that such restrictions, far from being anti-competitive or anti-consumer, tend to promote competition among brands and induce retailers to provide adequate service and repair facilities.

The second decision occurred in a federal jury trial in Midland, Texas. The jury there ruled that the Adolph Coors Company may legally restrict its beer sales to those distributors it finds acceptable. For the past several years certain distributors have been attempting to sell Coors beer beyond the 14 western states where the company prefers to sell. Coors' unpasteurized beer must be kept refrigerated, and the company exercises close supervision over its distributors in order to assure quality control. For this reason it has sought to limit its sales territory to the West. In 1973 the Federal Trade Commission had ordered Coors to halt its efforts to restrict unauthorized eastern distribution, terming these actions "price fixing." The Texas decision overturns this ruling, restoring to Coors the right to run its own business.

SOURCES:

- "Top Court Says Producers Can Pick Sales Sites," *Washington Post*, June 24, 1977.
- "Coors Apparently Wins Right to Control Sales," *Wall Street Journal*, July 11, 1977.

Costly Minimum Wage

Economists have long pointed out that laws requiring payment of a minimum wage are another form of price control, and therefore produce the expected consequences of such controls: shortages. Setting a minimum price for labor creates a shortage of jobs for those whose labor is worth less than the minimum—typically those with little or no skills or experience (which today frequently means minorities and especially teenagers). The administration's proposed increase in the minimum wage to $2.65 as of January 1 (with built-in inflation increases) is no excep-

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tion.

Under the administration's plan, the minimum wage would rise to 52 percent of the average hourly manufacturing wage within a year. That would put it over $3 per hour by the start of 1979. According to a study by the U.S. Chamber of Commerce, if a $3 minimum wage were enacted now, it would cause an immediate loss of 700,000 jobs by layoffs, and would reduce future employment by 2 million. Carter's earlier proposal for a $2.50 minimum would eliminate 900,000 jobs, while the $2.65 compromise plan would knock off about 1.5 million, both short-term and future. The Chamber's figures are based on a state-by-state analysis of the effects of past increases in the minimum wage. California and New York would be the hardest hit, each losing over 200,000 jobs (in the $3 case).

It is perhaps a sign of the times that even the Carter administration admits that its proposal *will* cause a loss of jobs. But Labor Secretary Ray Marshall claims the loss would only be 90,000. If the only quibble is over *how big* the loss will be, perhaps free-market forces have already won a modest victory.

SOURCES:

- "$3 Minimum Wage Assailed by C of C," UPI (Washington), May 8, 1977.
- "Minimum Wage of $2.65 Could Cost 90,000 Jobs," *Ibid.*, July 29, 1977.

Truck Decontrol Supported

Shippers are lining up in favor of efforts to deregulate, at least partially, the motor trucking industry. In recent weeks various industrial firms and organizations have begun speaking out, urging substantial loosening up of Interstate Commerce Commission regulations—especially those restricting entry and requiring empty backhauls.

Ten large firms, including Sears, Roebuck & Co., General Mills, and Green Giant, have formed the Committee Urging Regulatory Reform for Efficient National Trucking (CURRENT). (Sears is also a member of the Ad Hoc Committee for Airline Regulatory Reform.) The 1800-member National Industrial Traffic League has also urged substantial deregulation, especially as regards entry to the industry.

In response, an ICC task force has proposed 39 minor reforms that would reduce delays in responding to applications for service, limit the kinds of protests allowable by existing truckers, and exempt more goods and services from ICC regulations. ICC chairman Daniel O'Neal plans commission action on "a lot of" the 39 proposals by the end of September. O'Neal has long been a critic of ICC truck regulation, and has even questioned the need for regulation, per se. But most observers see his present actions as efforts to defuse any serious threat to the ICC's existence.

SOURCES:

- "Big Shippers Push for Decontrol of Truck Industry," *Wall Street Journal*, July 6, 1977.
- "NITL Praises ICC Task Force Report on Motor Carrier Entry," *NITL News*, July 1977.
- "ICC Chief O'Neal Plans Fast Pace for Reducing Regulation of Truckers," *Wall Street Journal*, July 18, 1977.

Prison Industries for Profit

Sam Johnson is an apprentice upholsterer. He works an eight-hour day and gets $2.50 per hour, working for Furniture Workshops, Inc. But his workplace is a shop within Minnesota's Lino Lakes prison. Johnson is one of five inmates who is learning a useful trade by working for the private, profit-making company. From his monthly wages he pays $120 to the state for his prison room and board. Furniture Workshops, in turn, leases workshop space in the prison for its five inmate and five civilian employees.

The Lino Lakes experience is part of a revolution in prison industries taking place in Minnesota. Most prison industries are run by the State and "bear little relationship to the outside world," according to a study conducted by Econ, Inc. of Princeton, N.J. In most states work days are only 3-1/2 hours, wages seldom over a dollar a day, assignment to the program depends on good behavior (rather than on ability and interest), and the job skills involved are such useful abilities as making license plates and tending hogs. Moreover, products produced in prisons generally may not be sold on the open market.

All that is changing in Minnesota. In 1974 state law was changed to permit private industry to move into prisons, and the law already permitted sale of prison-made items in the marketplace. A grant from the Law Enforcement Assistance Administration (LEAA) has provided capital equipment for producing such products as rope, farm machinery, and snowmobiles. The Lino Lakes prison also provides metal finishing and assembly work on a subcontract basis to outside firms. Private firms operating from within the prison include companies involved in data processing, cabinetmaking, and auto rebuilding.

LEAA is funding similar (though less ambitious) projects in Connecticut and Illinois. Political pressures in those states have held down prison wages to $2-4 per day, and private firms aren't yet allowed to participate, except as advisors. But the prison industries in both states are being redesigned to be competitive with outside firms in such areas as eyeglass and denture production, tire recapping, and typewriter repair (Connecticut) and auto body work, typesetting, and data processing (Illinois). In both states prison goods can only be sold to state and local governments, so far.

Despite their limitations, the new business-like prison industries in all three states appear to be succeeding in training and motivating inmates—as well as saving taxpayers money via sale of products. If, in addition, they prove effective in rehabilitating inmates, a pressing modern dilemma will be on the way to solution.

SOURCE:

- "Where Prison Shops Run Like Businesses," *Business Week*, July 18, 1977, p. 56.

Milestones

- *Return of Midwives.* Citing figures showing that only 37 percent of California obstetricians accept Medi-Cal patients, Assemblyman Gary Hart has introduced a bill to legalize lay midwifery. Nurse midwives were legalized in California in 1974, but lay midwifery is still illegal. An estimated 200-300 lay midwives are currently practicing in that state, charging $200-400 compared with $1000-1500 for hospital births. Midwifery was legal from 1917 to 1949 in California, but was subsequently outlawed due to pressure from the medical profession. (Source: "Midwifery Backed as Option for Families," *Los Angeles Times*, July 21, 1977.)
- *Free Trade Victory.* American consumers won a major victory over protectionism in July. The U.S. Court of Customs and Patent Appeals overturned a New York Customs Court decision that countervailing duties must be imposed on electronic products imported from Japan. That decision, if upheld, would very likely have led to a trade war of major proportions, with countervailing duties being requested on nearly all imported products (see "The New Jingoism," REASON, September 1977, p. 8). The case is not completely closed, however, since Zenith Radio Corp., the original plaintiff, plans an appeal to the Supreme Court. (Source: "Japanese TV Exporters Win Victory," AP (Washington), July 29, 1977.)

This column reports trends in the advancement of liberty and economic freedom. Readers are invited to submit material of potential interest to Trends Editor, REASON, Box 40105, Santa Barbara, CA 93103.

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- ☐ Raised air fares by CAB stifling of competition
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- ☐ Forced your children into a busing program
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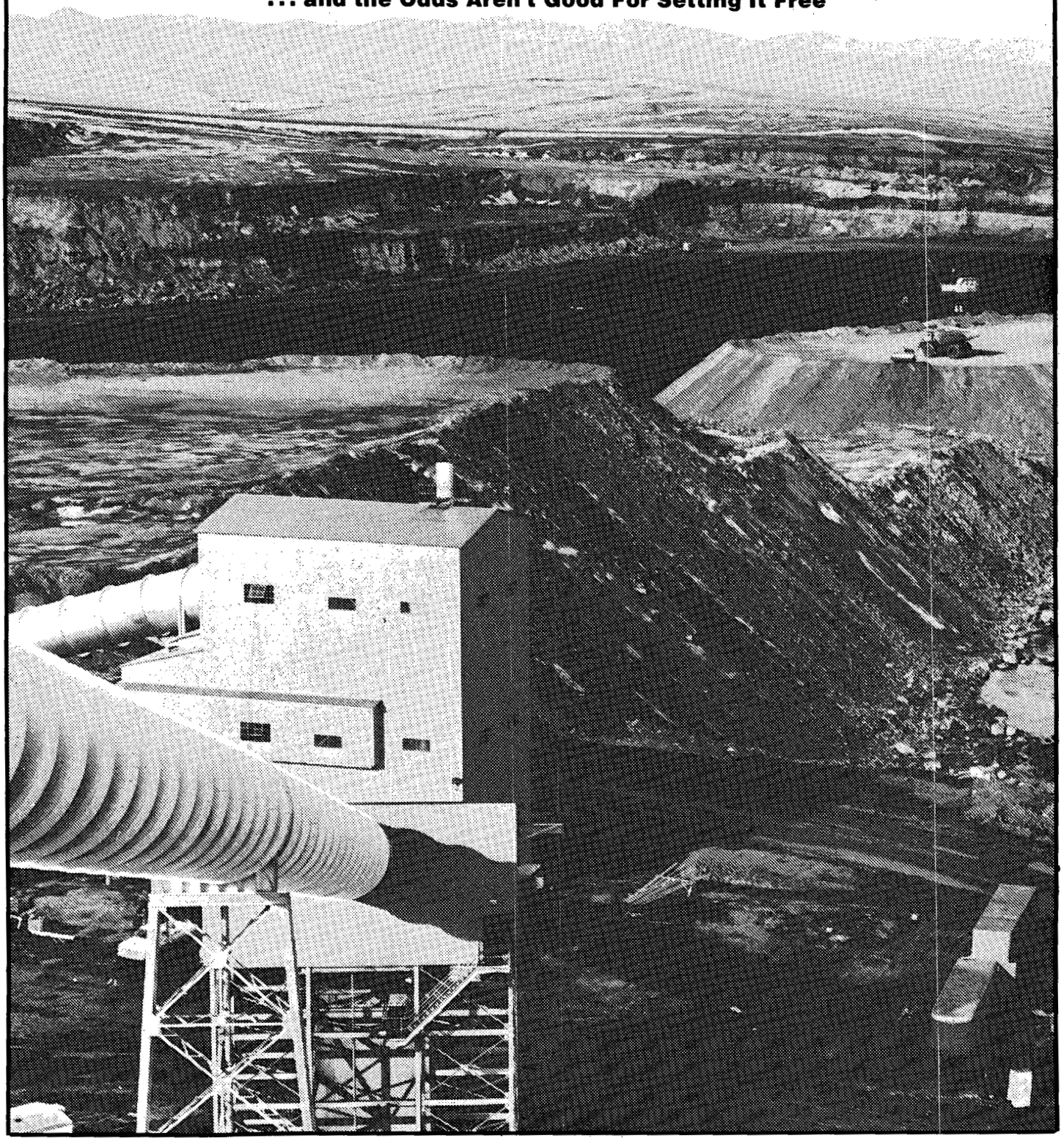
Why Coal Won't Be America's Energy Salvation

Government Policies Have Locked Up Nearly All Western Coal ... and the Odds Aren't Good For Setting It Free



by Eugene Guccione

President Carter wants domestic coal production to double—to 1.1 billion tons per year by 1985. Obviously, the President is an optimist—meaning: he's not as well informed as a pessimist.

It took the U.S. coal industry 57 years to increase domestic coal production by about 11.5 percent—from 568 million tons in 1920 to today's level of about 665 million tons. With such a growth record, it would take a few hundred years to boost coal production to the level envisioned by Mr. Carter.

Perhaps we could reach that level by 1985 if we didn't have to worry about the lack of capital, and if we weren't bothered by such trifles as the Mine Health and Safety Act, the National Environmental Policy Act, the Clean Air Act, and new new Surface Mining Act, the pending bills for horizontal and/or vertical divesture, etc. But let's forget about all that. Let's pretend instead that we have lots of money for opening up new mines, that the economy is in great shape, and that the legislative and regulatory orgy of the past 10 years never took place.

Then what?

There would still be one enormous obstacle to any substantial increase in coal production: no land available to mine.

Most of the projected production increase will have to come from the coal-rich deposits of the western states. But the biggest landowner in the West is the federal government. And in recent years, the federal government has been behaving as a deranged landlord by pursuing a no-leasing policy.

The tragedy today is that while energy problems are getting worse, the U.S. coal industry—which could solve most of these government-created problems—is being denied access to more than 99 percent of federal coal lands.

What President Carter does not know, and what virtually no one outside the mining industry knows, is that *the non-issuance of competitive leases and preference-right leases for coal and other minerals has resulted in the de-facto nationalization of a large part of the country's mineral resources or, at least, in a gigantic step in that direction.*

How the hell did this happen?

The answer has been provided by L. Courtland Lee and David C. Russell in two recent articles, one in *Mining Engineering* ("Federal Leasing: the Need for a Perspective," May 1977, pp. 23-24) and the other in *Coal Mining & Processing* ("Whatever Happened to Federal Coal Leasing," June 1977, pp. 60-63). Messrs. Lee and Russell are mineral economists at the U.S. Department of the Interior. In this article, I merely give a synopsis of their findings, before outlining *my* tentative solution.

HOW TO GET INTO MINING

There are three ways of getting into mining.

1. *Land ownership. If* you have land of your own, *if* you have both the surface and mineral ownership rights, *if* your land acreage is large enough to constitute a "logical mining unit" that will enable you to mine commercially, *if* you spend a small fortune on geological and mine feasibility studies—and *if* you invest an indecent amount of time (at least three years) to get the few dozen permits from local, state, and federal authorities—then you *might* be allowed to mine your own land.

2. *Preference right leasing.* If you have neither your own land nor the money to buy somebody else's property, you can get into mining by first obtaining a *prospecting permit* from the U.S. Department of the Interior. The prospecting permit is nothing but a hunting license: with it, you are allowed to search for minerals in those areas where—according to the U.S. Geological Survey (an agency of Interior)—there are no known or workable mineral deposits. Then, in the unlikely event that you find something valuable, you are entitled to a *preference-right lease* (sometimes also known as a "non-competitive lease") because, after all, you spent your own money in locating the deposit. The government, in effect, gives you the right of first refusal by issuing a preference-right lease; you don't get anything else—and, when you start mining and producing, you must still pay the same leasing fee, mineral royalties, severance taxes, etc., as everybody else.

3. *Competitive leasing.* If you have money, you can get a *competitive lease* by bidding successfully against other miners for a piece of land where the U.S. Geological Survey has spent the taxpayers' money to find and identify a "workable mineral deposit."

ZERO LEASING FOR COAL

Though it was never administered to everybody's satisfaction—and though it suffered from the usual government-caused abuses (the most famous of which was the Teapot Dome scandal of 1921, to be discussed later)—the leasing system worked fairly well from the late 1870's to the late 1960's. Since 1968, however, the entire federal leasing mechanism has virtually ceased to function. Today, for all intents and purposes, mineral deposits on federal land are no longer accessible.

The U.S. coal industry is being denied access to 99 percent of federal coal lands.

The situation is particularly grave where coal is concerned. Briefly, here is a rundown of the main events.

In 1968, the Interior Department began to withdraw more and more land from mining exploration to the point that, today, more than half the country (mostly in the minerals-rich western states) is no longer accessible even for prospecting. Such a massive withdrawal of land from prospecting and exploration, incidentally, is just about as rational as forbidding American physicians from conducting medical examinations on one-half of the human body.

In 1970, Interior began a moratorium on coal-prospecting permits. Since then, deprived of their "hunting license," many coal prospectors and exploration firms have gone out of business.

In 1973, Interior instituted a freeze on coal preference-right leases. Since then, hundreds of small mining companies that had spent their meager funds to locate a deposit have gone bankrupt.

Finally, in 1976, Congress killed the preference-right lease method for coal by amending the 1920 Mineral Leasing Act. From now on, unless you own land, the *only* way you can get into coal mining is through competitive bid leasing.

"In view of the energy crisis and of the federal government's control over coal land," says Courtland Lee, "the need for a rational leasing policy is more important than ever. But no such policy exists. Or if it exists, it certainly hasn't reflected any effective management, as shown by the record of federal leasing during the past nine years."

For instance:

- Coal land made available under federal lease is only 800,000 acres. This is equivalent to 0.8 percent of the 100 million acres of federally owned land prospectively valuable for coal (see Table I).
- The acreage made available annually under competitive bidding since 1967 has fluctuated sharply downward—from a peak of 88,181 acres in 1968 to zero in 1972 and 1973, and the acreage presently leased is minimal (Table II). This condi-

Table I—U.S. lands valuable for coal (acres)

	Total acres	Federally owned
Prospectively valuable	350,000,000	100,000,000
Classified [2]	41,000,000	29,000,000
Withdrawn for classification	20,000,000	14,000,000
Known recoverable coal resource areas (KRCRA)[1]	14,200,000	9,900,000
Federal coal leases[3]	—	800,000
Annually disturbed by mining	—	1,157

1 Formerly "Known Coal Leasing Acres" (KCLA's).
2 Same ratio of federal to total as KRCRA's.
3 Data through end of 1975, from USGS Annual Report 1975.

Table II—Coal land acreage leased competitively per year (public and acquired lands).

1967	43,885 acres
1968	88,181 acres
1969	0 acres
1970	18,493 acres
1971	28,546 acres
1972	0 acres
1973	0 acres
1974	4,069 acres
1975	362 acres

Source: *Public Land Statistics*, 1967-1975.

Table III—Coal acreage leased noncompetitively per year.

1967	54,224 acres
1968	76,009 acres
1969	26,777 acres
1970	13,525 acres
1971	25,149 acres
1972	961 acres
1973	0 acres
1974	1,563 acres
1975	475 acres

Source: *Public Land Statistics*, 1967-1975.

Table IV—Coal acreage under prospecting permits.

1967	541,591 acres
1968	471,387 acres
1969	494,988 acres
1970	733,576 acres
1971	882,098 acres
1972	753,485 acres
1973	641,192 acres
1974	614,079 acres
1975	613,604 acres

Source: *Public Land Statistics*, 1967-1975.

tion was largely caused by interpretations of the 1969 National Environmental Policy Act.

- The acreage made available annually under preference-right leases, also known as "non-competitive leases," has plunged from the 1968 peak of 76,009 acres to 475 acres in 1975 (Table III).
- The acreage under prospecting permits has not changed appreciably since 1967 and is now 613,604 acres (Table IV). That is a sizeable number; but it is also a meaningless number in view of the fact that only 475 acres became available in 1975 through a few prospecting permits that had matured to preference-right leases.

FACTS AND FICTION ABOUT COAL LEASING

For several years the Department of Interior has defended its zero-leasing policy by stating that 800,000 acres of land already under lease contain a total of 25 billion tons of coal reserves. "This was, and still is, the argument most frequently ventilated in political and environmental circles," say Lee and Russell, "and if taken at face value, particularly by people who don't know much else, this reserve-under-lease argument carries the built-in conclusion: Let's put a halt on coal leasing."

According to Lee and Russell, the error in the reserve-under-lease argument—as any experienced geologist, mining engineer, or mineral economist can easily point out—is that such an argument would only be valid if the geology, economics and legality were completely known and understood. In the real world, unfortunately, the reserve-under-lease approach is limited by insufficient geological knowledge, as well as by traditionally misleading interpretations of just what reserves are and what they mean as far as providing a land position sufficient for coal production.

Moreover, recently enacted regulations will have an adverse effect on the 800,000 acres of coal land presently under federal lease. Most of this land, which exists in scattered leases acquired before 1973 by coal producers and would-be coal producers, was issued non-competitively—i.e., it was issued outside of those "high-grade" areas that are exclusively designated for competitive leasing. Obviously, some of these non-competitive leases will never become productive coal mines for economic reasons, and some will never become productive because of various environmental and regulatory reasons of fairly recent vintage.

Lee and Russell have further pointed out that reserve-under-lease figures are a potpourri of measured, indicated, inferred, economic and subeconomic reserves, and resource estimates—not all of which were economically and legally extractable even in 1973 when these figures were determined. The analysis also failed to include the fact that 30 or more tons of measured recoverable coal are needed to produce just one ton annually, all of which must be in a "logical mining unit." During the years of the coal leasing moratorium (1971-1975), many leases that had been applied for to complete logical mining units had not yet been issued.

Any operator must receive timely governmental permission to economically mine and market coal from measured, economic reserves in a logical mining unit, with a large enough reserve position to justify the initial capital expense of property, plant, and development. These factors were not considered, either, in totaling the 25 billion tons of coal supposedly in reserve under lease.

"Even if those bloated tonnage figures were realistic in describing how much coal is under lease," notes Courtland Lee, "industry would not and could not be interested in thin beds or poor quality; or in areas with high production costs; or in areas that lack a market; or in areas where federal, state, and local governments have placed so many restrictions—e.g., land withdrawals, restrictive land-use stipulations, complex and time-consuming permit requirements, prohibitive access, arbitrary anti-pollution regulations—that often raise costs on leased land too high to justify the investment. A prime example of this can be found in the abandonment of the Kaiparowits leases."

The Kaiparowits Power Project, incidentally, was originally conceived 14 years ago to deliver 5000 megawatts to users in Utah, Arizona, Colorado and New Mexico. Investment for this coal-burning power project was initially estimated at $600 million. But because of inflation and bureaucratic delays, this project was scaled down to 3000 megawatts in 1975 while its capital requirements soared to $2.5 billion. Last year, when Southern California Edison and the other participating utilities were informed that they had to file yet another environmental impact statement, the entire project was scrapped. At that time, the delays were costing more than $6 million per month in plant construction alone.

A GOVERNMENT MONOPOLY

Every year since 1970, the Department of Interior has announced a "new leasing policy," which invariably increases the federal monopoly over mineral resources.

This year was no exception. In fact, at the 1977 meeting of the American Mining Congress Coal Convention in Pittsburgh, Interior Secretary Cecil Andrus promised to evaluate the entire federal coal leasing policy "as quickly and expeditiously as possible." That may take some time because a new bureaucracy — the recently formed Department of Energy (DOE) —will have its finger into federal leasing practices. "The Department of Energy,"

said Andrus, "will take over some of the leasing functions we now have and will also carry out research and development of mining techniques. In general, the Department of Energy will tell us (at Interior) how much coal they think should come from the public lands and what the economic terms of the leases should be. The Interior Department will determine which federal lands should be leased and will call for the bids, oversee the leases, and monitor the lease operations."

(Obviously, government planning is the answer because, after all, "We've tried free enterprise, and it has failed.")

Secretary Andrus, who identifies himself as a conservationist, then went on to spell out the new division of labor between industry and government: "You are the people who will do the mining, and we—meaning the federal government—are the people who will provide the regulations which will guide the mining practices, the environmental protection, the land reclamation standards and much of the coal." (Translation: "You are the people who will do the mining, and we—meaning the technical illiterates who can't even spell anthracite—will tell you how to mine the stuff, where, when, how much, to whom to sell, at what price, and how to reclaim the land.")

Oh well, if you like the postal system, you'll love nationalized coal.

As Lee and Russell point out, incidentally, the degree of control exercised by the federal government already greatly exceeds the official 100-million-acre figure.

The reason?

Because checkerboarding (i.e., a railroad's ownership of one-square-mile parcels of land on alternate sides of a railway) and complex ownership patterns of private land, state parks, national parks, Indian reservations, etc., are often the rule rather than the exception, many mining operations must include at least some federal property (especially in the West). In addition, the federal government owns over 700 million acres of surface *and* minerals, mostly in the western states and Alaska.

"We estimate that the federal government owns 70 percent of the coal as well as equivalent or greater amounts of other leasable minerals in the western half of the United States," report Lee and Russell.

This federal monopoly so pronounced in the West has the full support of eastern politicians, organized labor, and western socialists (some of the latter posing as "environmentalists"). The United Mine Workers Union, which draws most of its membership from the eastern underground mining operations, is understandably opposed to surface mining in the West—particularly since, as the argument goes, "If we can prevent surface mining, more coal has to be mined underground, and that means more money and power for us." Many elected officials from eastern states also oppose the development of western coal because this "foreign" coal imported from Wyoming or Montana might cause unemployment at "home."

Thus, even though surface mining is the best, most efficient, safest, and most profitable technique to be developed in the past 50 years (see box), I am certain that the development of western coal will not be allowed to reach its potential for at least the next 10 years.

One weapon against western coal is the zero-leasing policy. Another weapon is the blanket requirement for sulfur dioxide scrubbers on *all* coal-burning power plants, regardless of whether such power plants burn high-sulfur (i.e., eastern) coal or low-sulfur (i.e., western) coal; this

Some Facts about Western Coal

The new Surface Mining Act, which is merely a rehash of the old legislation vetoed twice by President Ford, was passed by Congress in July. Allegedly edly drafted "to protect the environment," this bill in reality is nothing but a crude attempt at halting coal development in the West.

Mining engineer John F. Havard, former president of the Society of Mining Engineers of AIME, points out that this bill is (a) unnecessary since "the 38 states producing most of the nation's minerals have already adopted stringent mining laws," and (b) dangerous because it overlooks the fact that "coal strip-mining conditions vary from state to state. Western strip mining differs from Appalachian strip mining. Even North Dakota strip mining is different from Colorado strip mining."

Why must western coal development not be stopped? Here is a list of reasons: (1) Surface mining is the only way to produce coal from many of the vast western deposits, which are near the surface and cannot be mined by underground methods. (2) Surface mining, compared to underground mining, is much safer: it is 20 times less likely to result in the death of a miner. And there's no such thing as black lung disease in surface mines. (3) Surface mining is more efficient; it recovers 80 percent of the coal; and in thick western seams, recovery rates can exceed 95 percent. Underground mining instead recovers about 50 percent of the coal (since the rest has to be left in underground pillars to hold the roof up.) (4) Surface mining is more productive. In the same amount of time it takes for an underground miner to produce one ton of coal, a surface miner can produce up to 20 tons of coal. In fact, surface mining averages about 35 tons per man per day; in the West, it can average up to 200 tons. Underground mining instead averages about 11 tons per man per day.* (5) Surface mining in the West yields *clean* coal, which contains from a half to one-tenth the amount of sulfur present in eastern coal. (6) Surface mining in the western states would disturb at least 90 percent less land than surface mining in the East. For instance: to produce 30 million tons per year of coal in the Powder River Basin of Wyoming, in any given year only 300 acres of land would be temporarily disturbed. To strip mine 30 tons per year of coal in a heavily populated state like Illinois would disturb 4500 to 7500 acres of land instead of a mere 300. (7) Surface mining represents only a temporary use of land. If half of the hoped-for 100 percent increase in coal production by 1985 comes from the West, it will require the surface mining of only 130,000 acres of land. The 130,000 acres that will be mined and reclaimed over the next 10 years is less than the amount of land covered by parking lots in one year. (8) The average selling price of surfacemined coal F.O.B. mine is $5 to $10 per ton; that of underground coal FOB mine is $10 to $20 per ton. (9) The mining industry, whatever its ancient faults, has been making a real effort in reclaiming for at least four decades. Of the 1.47 million acres used for surface coal mining from 1930 to 1971, one million acres had already been reclaimed by 1970. And in 1971, coal people actually reclaimed 30 percent more land than they mined. Finally, in spite of the grim picture of wholesale devastation allegedly caused by surface mining, only 0.16 percent of the total area of the United States has ever been disturbed by *all* kinds of surface mining. Of that, almost half has been reclaimed, and the rest is in the process of reclamation.

* It's interesting to note that in the United Kingdom, the average productivity in the nationalized coal industry is a mere 2.5 tons per man per day. There are no figures available for surface mining because virtually all British coal is mined underground.

weapon will remove whatever economic incentives the utilities might have in purchasing western coal. Another weapon is the "non-degradation" requirement that is being incorporated into the amendments to the 1970 Clean Air Act allegedly for the purpose of preventing "significant deterioration" in areas of pristine air quality—but in reality to prevent or delay the construction of western mine-mouth coal-burning power plants. Another weapon is the "horizontal divestiture" proposal (union-endorsed, of course) which would cut off the only source of risk capital for western coal development by forcing oil companies to sell their coal holdings. Another weapon is the new Surface Mining Act (see box).

Western surface mining produces 200 tons per man per day; underground averages only 11.

I could go on, but you get the drift.

A TENTATIVE SOLUTION

The zero-leasing policy so relentlessly pursued by the Department of Interior is perhaps the biggest obstacle to fossil fuels and minerals development. It is also the logical result of almost a century of good intentions enforced by government edict and based upon three erroneous premises. Two of these premises are historical; one is philosophical.

Once the historical context is established, the solution (or at least, a tentative solution) will virtually suggest itself. "Throughout the 19th century—especially after the Civil War—the federal government encouraged settlers, war veterans and private developers to move westward and take up homesteads," say Lee and Russell, "and this is how our forefathers were given 'free' homestead for only a nominal filing fee.... Several million acres of coal land, however, were excluded from the disposition of homestead laws.... Eventually, the federal policy that evolved during that period was geared at keeping the nation's resources within federal control for at least two reasons: *to create a source of revenues, and to prevent private monopolies.*" (emphasis mine)

Well, the first reason might have made sense until 1916 because, before then, there was no such thing as an income tax. But it certainly doesn't make any sense in 1977 when government (local, state, and federal) takes in taxes more than 50 cents out of every dollar we earn as individuals *and* as corporate entities.

The second reason, i.e., that a leasing policy has to be established to "prevent private monopolies," is totally false. It was government itself that created most of those coercive private monopolies—for instance, by granting huge tracts of land to railroads (the famous "checkerboarding"). In fact, the biggest scandal in mining—a scandal rivaled only by Watergate—occurred when government abuses were discovered: "In 1921, the then Secretary of the Interior, Albert Fall, using questionable authority, secretly leased without competitive bidding some military oil reserves in California and Wyoming (Teapot Dome) to E.L. Doheny and Henry Sinclair," report Lee and Russell. "Secretary Fall, who went as far as to call the Marines to evict Sinclair's rival claimants from the Teapot Dome reserves, was also found guilty of a corrupt conspiracy to secure for Doheny unleased land in the California reserves and accepting $100,000 in bribes."

Finally, the third reason for a leasing policy rests on the public-property premise, i.e., that unoccupied land is "public property" and that government must administer this land. This premise was *implied* in much of the legislation passed at the turn of the century, but it has now become *explicit* particularly in every piece of land legislation enacted in the past few years. The argument usually begins with the plea that "federal" land should not be made available to the multiple use of individuals and industries, but must be preserved as ecological and wilderness areas, except that the real purpose is neither of these. The real purpose is to cash in on the concept of "public property"—which is a contradiction in terms.

The public is everybody in general and nobody in particular. "Property," on the other hand, is a concept that, on legal-moral grounds, identifies the relationship that exists between an individual and an object of value—and the law clearly spells out the method in which a person acquires title and possession of a particular value. (The concept of a collective or public property has no validity in science either: there is no such thing as a collective property of the elements, or a collective viscosity, or a collective density, or a collective molecular weight of substances.)

So, what should be done with the hundreds of millions of acres of public property?

As I see it, the solution would be to convert this land into private property—either through a new version of the old homesteading laws, or by a land-selling program quite similar to the periodic gold auction sales organized by the U.S. Treasury Department. The proceeds from such land auctions would then go to the ultimate owners—the U.S. public—via tax rebates.

The chances of any such solution being put into effect are nil, at present.

An alternative or tentative solution—which I propose with many reservations—would entail the restoration of so-called federal land to the various states, each of which would then compete (I hope) in selling this land to the public. This tentative solution has at least one virtue, and one vice. The virtue is that it would appeal to the greed of many local and state elected officials (whom we can always impeach later); the vice is that such a solution might wind up replacing *one* master (the federal government) with at least 50 masters (the state legislatures).

Many mining people would be satisfied with a leasing policy such as the one that existed until the mid 1960's. Lee and Russell have suggested establishing a leasing policy based on what is known about coal or any other mineral resource, compared to what acreage is available for lease and to what has already been leased. While I greatly respect both gentlemen, and concede that *any* leasing policy is better than a zero-leasing policy, I just don't want government as my landlord. Whatever government gives, assuming it "gives" anything in the first place, government eventually takes away—a fact corroborated by Lee and Russell's findings.

Ultimately, then, the only real solution is to return all coal land to private hands, where it can be developed (or not) in accordance with the laws of economics—not the edicts of politicians and bureaucrats. ◻

Eugene Guccione, a chemical engineer, became editor of Coal Mining & Processing *in June 1977. Before that he was editor of* Mining Engineering, *a publication of the Society of Mining Engineers of the American Institute of Mining, Metallurgical and Petroleum Engineers.*

ILLEGAL WATER

A Single Resident of Chesapeake, Virginia, Battles for the Right to Choose His Own Water Supply

by Carl Cahill

In 1969 the city council in my hometown of Chesapeake, Virginia, passed a law requiring all residents to hook up to municipal water lines. A number of cities in the nation, including the neighboring communities of Norfolk and Portsmouth, have mandatory connection ordinances; but they are not enforced, since most people prefer city water to well water—or did before the Environmental Protection Agency (EPA) revealed how poor the water quality is in most city systems.

The Chesapeake ordinance, however, outlawed the use of well water entirely wherever city water is available.

In the meantime, I read Paul Brodeur's *The Expendable Americans*, with its descriptions of the ubiquitousness and insidiousness of asbestos—a mineral put in thousands of products, from insulation to talcum powder. According to Brodeur, more than one million asbestos fibers can be laid side by side in a linear inch. The fibers are so small they can be seen only with an electron microscope, so tiny they pass readily through the placental wall. Inhaled, the fibers cause cancer. Doctors have long known that asbestos workers have a higher incidence of cancer, not only of the lungs, but of the stomach and colon, presumably because they swallow the fibers in their sputum.

Shortly after I read *The Expendable Americans*, the Chesapeake Department of Public Utilities installed asbestos-cement pipes in front of my home as part of an expanding municipal water system. I opened a file on asbestos in water and corresponded with the EPA and various experts on the link between cancer and asbestos.

As soon as the pipes were installed I was notified by the Utilities Department to connect to them or be taken to court under the 1967 law. The hookup cost: $500. Acting as my own attorney, I filed suit in circuit court, seeking an injunction preventing the city of Chesapeake from requiring me to use city water. My grounds: the pipes are potentially hazardous to my health. I went to trial in February 1975, taking with me my growing file of legal, technical, and medical papers written by the nation's foremost authorities on asbestos and cancer.

My case came before Circuit Judge Jerry Bray, who refused to admit any of my evidence. Indeed, he even rejected a verbatim transcript of the decision of Federal Judge Phillips Lord in the now-famous Reserve Mining case in which Lord stated there is evidence that asbestos in water is a health hazard. Nor would Bray admit a brochure published by the Asbestos/Cement Pipe Manufacturers Association, in which the association acknowledged that water passing through the pipes erodes asbestos fibers and that the fibers are carried into homes where they are ingested. (The association claims in the brochure the number of fibers is so small as to be harmless.)

Judge Bray dismissed my complaint for *lack of evidence*. (I had considered asking him to disqualify himself since the city of Chesapeake, the defendant, pays half his

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FOREIGN AID HASN'T WORKED

The widening gap between the developed and developing countries has become a central issue of our time.

—Partners in Development (*Pearson Report*), *Report of the Commission on International Development*

It is obvious that official aid is vitally important because it has special characteristics which make it indispensable to the developing countries.

—*Richard Wood, Minister for Overseas Development, in Parliament*

Government aid reinforces the disastrous trend to politicize life in poor countries.

by P.T. Bauer

Point Four of President Truman's message to Congress of January 1949, which proposed aid to underdeveloped countries, inaugurated a new political, economic, and ideological movement in our times. It has had far-reaching and sometimes brutal consequences, enormous costs, little success, and virtually no adverse criticism.

The early days of foreign aid were marked by high hopes and what must now seem absurb optimism. In the 1950's, prominent American economists argued that limited aid over a few years would ensure the self-sustaining economic development of the recipients and thus would remove the need for external assistance. But now aid is envisaged as a practically open-ended commitment extending into the indefinite future. Incredible as it may seem, multinational aid even goes to the oil states of the Middle East and North Africa (a 1977: update: this *still* appears to be so).

The explanation is, of course, that foreign aid is an act of faith.

WHY FOREIGN AID?

The case for foreign aid is usually taken for granted. The results of aid and the conduct of recipient governments are rarely discussed, and then only in the most cursory fashion. Since the case for foreign aid is regarded as axiomatic, either progress or lack of progress can be used to argue for more—the first as evidence of success, the second as evidence that more must be done. But then evidence has always been irrelevant to an act of faith.

Aid advocates often say that aid is indispensable for the development of the recipient countries or that it is necessary to relieve poverty or even to avert starvation. These statements are merely unsubstantiated assertions. Moreover, promotion of development and relief of poverty are quite different arguments for aid. Alms to a beggar or charity to an invalid differs materially from scholarships to promising young people or loans for their training or for setting up in business. The purpose of the help, its likely duration, the criteria of its allocation, and the likely results all differ substantially. Promotion of development and relief of poverty are thus altogether different. But neither provides a worthwhile economic argument for official aid.

"As with other articles of faith, however, once accepted, certain consequences, which must also be accepted, flow from it. The most important is the obligation of every government to play its part in cooperation with all others to ensure that *all* people have a reasonable chance to share in the resources of the world.... We live at a time when the ability of transforming the world is only limited by faintness of heart or narrowness of vision."

—Partners in Development

Foreign aid is patently not necessary to emerge from poverty. Many poor countries and regions have progressed rapidly before foreign aid was ever heard of—Mexico and a number of other Latin American countries, West Africa, Southeast Asia, Hong Kong, and many others. Some of these areas have been largely transformed in a few decades. In the 1890's Malaya was a sparsely populated country of small hamlets and fishing villages; by the 1930's it had developed into a country with substantial cities, thriving commerce, and an excellent system of roads, largely the result of the emergence of the rubber industry. In 1900 slavery, slave-raiding, and local wars were widespread in the areas of northern Nigeria which have now become centers of the groundnut trade. And the present developed countries progressed without external gifts, usually in much more difficult conditions than those which now face poor countries, for these have access to skills and technology developed elsewhere and to huge markets and varied sources of supply abroad.

It is unconscionably patronizing to say that the peoples of poor countries desperately want material progress but cannot achieve it without alms or gifts from us (the bulk of Western foreign aid is in outright grants, the rest in very soft loans of which the grant element is well over

AND IT NEVER WILL

half the total). Indeed, a patronizing attitude pervades the whole discussion on aid. We are supposed to have caused the poverty of less-developed countries in the Third World (a phrase that is often ambivalent and almost always misleading but is perhaps unavoidable). Whatever happens to them is supposed to depend on us, which makes us feel superior even as we express feelings of guilt. We go on in our patronizing way by calling the recipients of handouts partners in progress, as if they were children unaware of simple realities.

But aid is clearly not necessary for progress, nor is it sufficient. A society which cannot develop *without* external gifts is altogether unlikely to so *with* them.

AID NEEDS PEOPLE

An economy consists of people whose performance determines its material achievement. Economic achievement depends primarily on people's aptitudes and attitudes (e.g., interest in material success) and their social institutions and political arrangements (e.g., in encouraging people to take long views). Societies, groups, and individuals differ widely in these matters. Contrary to what might be inferred from so much "development literature," humanity is not an undifferentiated mass whose components differ only in conventionally measured incomes. Differences in economic achievement and rates of progress are largely accounted for by differences in the human determinants mentioned above. External contacts, market opportunities, and natural resources play a part, but a much less important one; and, again, their effective use depends on personal and social factors.

Investible resources are even less significant, and both their supply and their productivity depend on the personal and social factors. In the development process, investible funds are at least as much a result as a cause. The volume of such funds was relatively unimportant in the material progress of many societies. And the historical phenomenon of economic decline would be inexplicable if material progress depended on the capital available.

PRIVATE INVESTMENT

A 1972 House of Commons debate on aid is instructive. Mrs. Judith Hart attempted to spell out the reasons why aid is indispensable. Private capital, she said, cannot finance the "infrastructure" necessary for development—such as roads, power supplies, and schools; many poor countries are too small for profitable investment; and private investment is unpredictable. These frequently heard arguments are quite invalid.

Private investment may indeed fail to finance some parts of the infrastructure. As a matter of fact, however, much infrastructure in less-developed countries (*ldc's*) has been financed and operated privately until recently and often still is, as for instance, transport enterprises and utilities and sometimes even roads, schools, and hospitals established by plantation and mining enterprises.

But if private investment should fail in this respect, the government can always borrow abroad for this purpose and service the loans from higher tax revenues, as used to be standard practice. Moreover, infrastructure is not a precondition of development but a collection of facilities which emerge in the course of material progress.

Contrary to Mrs. Hart's assertion, the small size of the domestic market does not preclude private investment. Whatever the size of the market, if the required conditions (other than capital) are present, investment will be generated locally or supplied commercially from abroad. Hong Kong, Taiwan, Malaysia, Israel, and a number of Latin American countries are among the most obvious examples. Mrs. Hart gave Uganda as an example of a small country unable to secure private capital. In fact the country had no such difficulties until its government became hostile to private capital!

A flow of private investment may well be unpredictable, notably so when the political climate is hostile to private capital, especially foreign capital. But the flow of aid is *also* uncertain.

"If one per cent, in total, is the present target, what is wrong with two per cent? And why should not the developed countries be compelled not merely by shame but by enlightened self-interest to channel increasing proportions of their foreign aid through the multi-national institutions now operating in this field?"

—Nature, May 26, 1972

A MIXED BLESSING

Aid is an inflow of subsidized or gratis resources and in this sense enriches the recipients. But, unlike manna from heaven, it does not descend indiscriminately on everybody. It sets up a whole variety of repercussions, and these have to be taken into account.

- Offical aid reinforces the disastrous tendency to politicize life in poor countries, the trend toward *politique d'abord.* The handouts increase the power, resources, and patronage of governments compared to the rest of society, and this is exacerbated by the more favorable treat-

ment of governments that try to establish state-controlled economies. Politicization of life provokes political tension because it becomes supremely important, often a matter of life and death, who has the power—witness Indonesia, Nigeria, Pakistan, Uganda, and Zaire (the Congo). This politicization diverts the attention, energies, and activities of able and enterprising people from economic activity to politics and administration, sometimes from choice (because this diversion is profitable), but quite often from necessity (because economic or even physical survival comes to depend on political develments and administrative decisions).

- Official aid similarly reinforces the pursuit of policies damaging to material progress (and often also inhuman). Many recipient governments restrict the activities of highly productive and economically successful minorities—Chinese in Indonesia, Asians in Africa, Indians in Burma, Europeans everywhere. And many have also maltreated and persecuted politically ineffective groups, especially ethnic minorities. Such policies reduce current and prospective incomes in these countries and widen income differences between them and the West. Even where it does not promote economic advance, aid represents current resources accruing to the governments, resources which are available for the purchase of imports or for the distribution of largesse, so that it helps governments temporarily to conceal from their own people some of the economic consequences of their actions.
- Aid often supports extremely wasteful projects which make large losses year after year and which can absorb more local resources than the value of their output. For political reasons, such hopeless projects often have to be continued for years after it has become plain that they are thoroughly wasteful. This consideration applies not only to industrial ventures and other familiar prestige projects but often also to agricultural schemes.
- Aid is often linked to balance-of-payments difficulties, and the detailed economic controls which they promote all engender a widespread feeling of insecurity or even a crisis atmosphere, a sequence which inhibits domestic saving and investment and even promotes a flight of capital. These sequences, in turn, serve as arguments for further external assistance.
- The insistence on the need for external assistance helps to perpetuate the ideas and attitudes widespread in these countries, which are damaging to economic progress: that opportunities and resources for advance of oneself and one's family must come from someone else—the state, the rulers, one's superiors, richer people, or foreigners. In this sense aid pauperizes those it purports to assist.
- Aid frequently influences policies into inappropriate directions by promoting unsuitable external models, such as Western-style universities whose graduates cannot get jobs, Western-style trade unions which are only vehicles for the self-advancement of politicians, and a Western pattern of industry even where quite inappropriate (e.g., national airlines and steelworks).
- Aid is money that could be used more productively in the donor countries (or, at any rate, by their citizens), so that it reduces the combined national incomes of donors and recipients. It also retards the material advance of the donors by affecting adversely their own balance-of-payments; and payments difficulties in donor countries have often brought about restrictive domestic economic policies—with adverse effects on the Third World's export markets.
- As a result of the operation of various sectional interests, the most important donor countries erect substantial barriers against the exports from the *ldc's* to whom they are giving aid. Foreign aid unfortunately diminishes the political resistance to the erection of these barriers, both within the donor countries and by spokesmen of recipient countries.

"Rapid economic development of the poor countries is essential if we are to create a world in which people world wide can lead lives free of the fears of starvation, disease, deprivation and war. But I am convinced that such a world will not come into existence unless the rich countries take the development business far more seriously in the future than we have in the past. At this stage it is extremely doubtful that the poor countries can develop by themselves at rates which are truly commensurate with need."

—Dr. Harrison Brown, *Bulletin of the Atomic Scientists,* June 1971

MARGINAL BENEFITS

All these adverse repercussions—and the list could easily be extended—even when taken together, do not mean that foreign aid cannot promote development. But it is certainly unwarranted to assume that it must do so simply because it represents an inflow of subsidized resources. Aid may well improve current economic conditions in the recipient countries, but it does not follow from this that it necessarily or even generally promotes the long-term progress of these countries.

The contribution of aid to long-term development is at best marginal. It means that some investible funds are available more cheaply than would be the case otherwise. These funds are likely to be less productive than capital supplied commercially since their use cannot be adjusted so readily to market conditions, including complementary factors of production. And when capital is productive, it will usually be generated locally or be readily available from abroad on commercial terms.

Moreover, the adverse repercussions of aid are likely to offset, or more than offset, the benefits from the inflow of subsidized

investible funds in otherwise propitious circumstances. There is, therefore, not even a general presumption that aid is more likely to promote development rather than retard it.

In the last few years the aid lobbies have changed their emphasis from development to the relief of poverty. If the advocacy has become much more strident, it is perhaps because the new emphasis on "need" itself implicitly recognizes the previous failure of aid as an instrument for "development."

SHAKY STATISTICS

Poverty is said to be indicated by comparison of per capita incomes, coupled with references to hunger, famine, and starvation and the alleged "ever-widening gap between the haves and the have-nots." These arguments are even less substantial than earlier ones for aid as an instrument for development.

- The statistics of income per head in *ldc's* are quite useless for international comparison and for the measurement of need. Professor Dan Usher, a Canadian statistician who lived for years in Southeast Asia, has written pertinently on this subject. The following passages from the introduction and summary of his book *The Price Mechanism and the Meaning of National Income Statistics* epitomize his conclusions.

> Using Thailand as an example this book shows that statistics like these may contain errors of several hundred per cent.... the discrepancy is not due primarily to errors in data.... the fault lies with the rules [of national income comparisons] themselves...[which] generate numbers that fail to carry the implications expected of them.
>
> In Thailand I saw a people not prosperous by European standards but obviously enjoying a standard of living well above the bare requirements of subsistence.... But at my desk I computed statistics of real national income showing people of underdeveloped countries including Thailand to be desperately if not impossibly poor. The contrast between what I saw and what I measured was so great that I came to believe that there must be some large and fundamental bias in the way income statistics are compiled. Something is very wrong with these statistics. For instance, if the figure of $40 for Ethiopia means what it appears to mean, namely that Ethipians are consuming per year an amount of goods and services no larger than could be bought in the United States for $40, then most Ethipians are so poor that they could not possibly survive let alone increase in numbers.

Even the population statistics of the Third World (which underlie per capita incomes) are subject to wide margins of error. Thus the 1963 census put the population of Nigeria at 55.6 million, while a prominent American scholar of Nigerian affairs estimated it at 37.1 million for the same year. Conceptual and statistical problems apart, there are also frequent instances of deliberate manipulation of national income statistics and similar data for political purposes. All this should put into perspective the value of statistics which purport to estimate changes in Afro-Asian per capita incomes to within one or two percent. Yet such estimates feature prominently in the advocacy of aid.

"Looking at the turn given to the human spirit in England by political life; seeing the Englishman, certain of the support of his laws, relying on himself and unaware of any obstacle except the limit of his own powers, acting without constraint; seeing him, inspired by the sense that he can do anything, look restlessly at what now is, always in search of the best; seeing him like that, I am in no hurry to inquire whether nature has scooped out ports for him, and given him coal and iron. The reason for his commercial prosperity is not there at all: it is in himself."
— Alexis de Tocqueville,
Journeys to England and Ireland

MEASURING NEEDS

- Foreign aid is paid *by* governments *to* governments. Unlike voluntary charity (or, for that matter, domestic progressive taxation), it cannot take into account differences in incomes and conditions of families and persons. Indeed, it operates perversely. The poorest are largely untouched by aid—as, for instance, desert people in Africa and Asia; aborigines in Southeast Asia, Africa, and Latin America; and various other backward groups—categories which total many millions. Much of aid only benefits the urban population, among whom the more articulate, influential, educated, skilled, and enterprising people are disproportionately represented (notably, politicians, civil servants, academics, and urban businessmen).
- Evident anomalies or absurdities result from the uncritical adoption of need as a ground for aid, especially need as conventionally measured by per capita income. The maltreatment and expulsion of minorities by aid recipients, already mentioned, provides an instructive example. These minorities have been the main agents of economic progress in these countries, and their incomes were above the average. Hence their elimination necessarily reduces per capita incomes. Should aid be increased because these policies have thus aggravated need? And should it be increased yet again if this encourages further maltreatment and expulsions?

There are also many societies where the local attitudes, aptitudes, and institutions are such that aid (especially government-

to-government aid) can do little or nothing to relieve need—either because the official machinery will ensure that it does not reach the needy, or because aid promotes policies which aggravate poverty, or because the attitudes of the people themselves may largely resist improvements in their material conditions.

PEOPLE AND FOOD

Three further variants of the general argument for aid deserve to be noted: the population explosion, large-scale starvation, and the widening gap.

The rapid growth of population in the Third World does not rescue the conventional arguments for aid. For it reflects a fall in mortality, a longer life expectation of both infants and adults, that is, some improvement in basic conditions. This improvement is omitted in conventional statistics of per capita incomes, as they do not recognize health, life expectation, and children as components of living standards.

It is often asserted that without foreign aid there would be widespread starvation in the Third World. People in these countries are supposed to be living at subsistence levels and under persistent threat of starvation, while at the same time alarm is expressed at the growth of their populations—a paradox which is seldom noticed. If there is not enough food for the existing population, there could be no large-scale increase in numbers. And much aid directly or indirectly finances uneconomic enterprises or activities which produce neither food nor exports to purchase it.

The widening gap is another plausible but insubstantial argument for aid. To begin with, the argument again prejudges the effects of aid by implying that aid promotes the long-term improvement in living standards in poor countries. Aid certainly removes resources from the donors, but this does not mean that it improves incomes or living standards of the recipients. To make the rich poorer does not make the poor richer.

The concept of the so-called gap is vague to a degree. There is continuous gradation and no clear gap or discontinuity in the international range of per capita incomes. The distinction between what are called rich and poor countries on the basis of per capita incomes depends simply on where the line between the two categories is drawn, and in the absence of clear discontinuity this is quite arbitrary.

Moreover, in recent years many Afro-Asian lands—South Korea, Thailand, Hong Kong, Malaysia, Kenya, the Ivory Coast, Nigeria, and the oil states of the Middle East—have developed much faster than most rich countries. Thus the difference in conventionally measured per capita incomes between some of these countries and many developed countries has *narrowed*, not widened.

When referring to international income differences and to the widening gap, aid advocates often suggest that the higher income of the West has been somehow secured at the expense of the Third World. But this allegation is quite without substance. The poorest societies in the less-developed world are those with the fewest (or no) external economic contacts, so that their poverty cannot be the result of deprivation by external powers. Conversely, those involved in extensive foreign trade are the most prosperous. Obvious examples are Malaysia and Ghana, not to speak of the oil-producing countries. The material prosperity of Western societies and of Japan is the achievement of their own people, whose activities have also promoted such economic advance as has taken place in the Third World. But the advocacy of aid is presumably made easier by suggesting the contrary.

1953: **"Over 1,500,000,000 people, something like two-thirds of the world's population, are living in conditions of acute hunger, defined in terms of identifiable nutritional disease. This hunger is at the same time the effect and the cause of the poverty, squalor, and misery in which they live."**

—Harold Wilson,
The War on World Poverty

1967: **"It is on the ethical plane that the present situation is scandalous. One third of the world lives in comfort and two thirds in misery."**

—John Pincus
Trade, Aid, and Development

WORLD TRADE AND WELL-BEING

The burden of indebtedness and the alleged deterioration of the position of the Third World in world trade are often-heard subsidiary arguments for aid, straddling the promotion of development and the relief of need. Though insubstantial, these notions are worth examining, both because they are so widely discussed and because they show up the regrettable lack of understanding (or scruple) in the advocacy of aid.

The indebtedness of many *ldc's* reflects soft loans, usually with large grant elements, incurred under earlier aid agreements, often supplemented by outright grants. With the worldwide rise in prices, the real burden even of these soft loans has diminished greatly. The inability to service these loans suggests that they have been wasted and have not increased incomes or taxable capacity. This waste of earlier aid now becomes an argument for more of it.

The so-called deterioration of the external trade position of *ldc's* as an argument for aid takes two forms: a decline in their share in world trade and deterioration in their terms of trade.

The first allegation is untrue. The share of *ldc's* in world trade has not decreased

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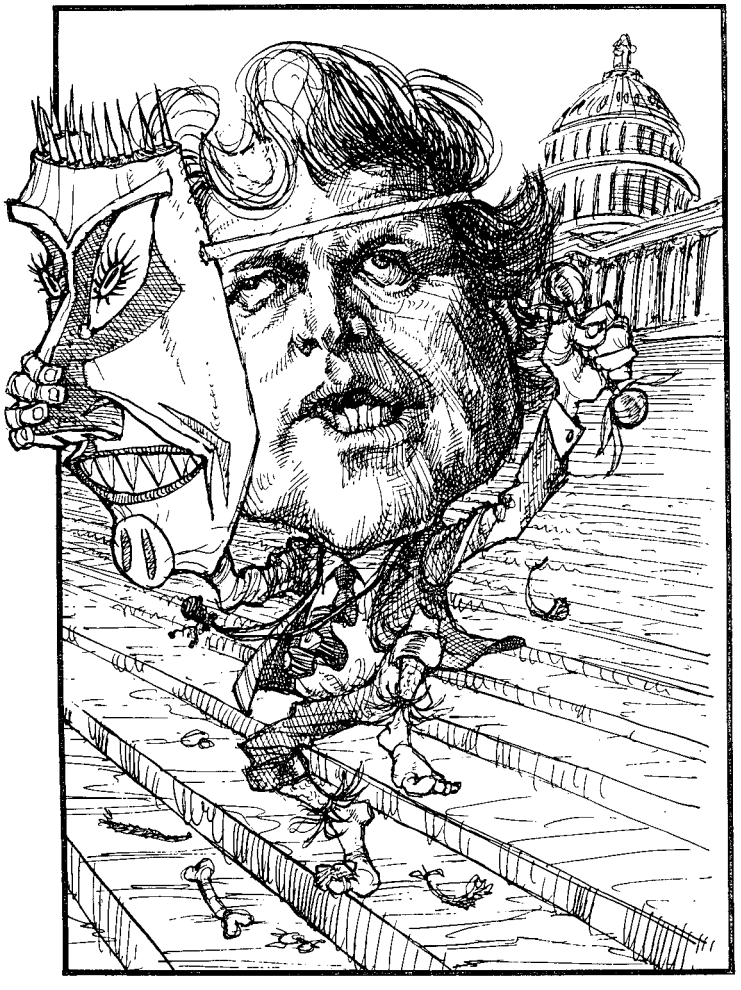
Washington Witch Doctors



Incantations and Force Will Not Produce Health Care

by Jeffrey St. John

In primitive tribal societies, a witch doctor also functions as a medicine man. Acting as physician, magician, and priest, he derives his power and influence almost exclusively from this triple role.

Fundamental to the method of a witch doctor is a belief in spirits and magic. Bodily ills are not organic or psychosomatic, but the product of evil spirits. Evidence and experience based on scientific data are unknown to the tribal witch doctor. If he feels in his guts that it's right, it's got to be so.

There are striking similarities between the witch doctor of the tribal society and the modern-day politician and his ally, the social engineer. These witch doctors of Washington, in their handling of medicine in the last dozen years, have demonstrated a belief in medical black magic. And the results are correspondingly untoward. In a primitive society, treatment by the witch doctors results in a high mortality rate. We have seen the same fate befall American medicine since the Washington witch doctors began applying their political surgery to individual doctors in particular and to the private medical system in general.

TRIBALISM

In a tribal society, there are no individuals as such and thus no individual rights. The tribe—the collective or group—is paramount, and individuals make no decisions for themselves. In a phrase, it is the purest form of equality possible. And not even then does pure equality exist, for the tribal chief and the witch doctor make all the major decisions on behalf of the tribe. Holding the power of life and death, the chief enforces the decisions. And the witch doctor justifies the exercise of such lethal life-and-death power by his communication with the spirits.

Our political system today has more and more come to resemble the tribe. Most, if not all, programs proposed by presidents and passed by Congress are justified with the tribal premise of equality—on the premise of the greatest good for the greatest number—and if the individual gets hurt in the process, well, that's unfortunate but necessary. Nowhere in America has this premise been more consistently applied, with more appalling consequences, than in the field of medicine.

In 1972 Marvin Henry Edwards produced a book that should be read by everyone concerned with the state of American medicine. Titled *Hazardous to Your Health* (New Rochelle: Arlington House, 1972), it unmasks the proponents of government or tribal medicine in the name of humanitarianism. In one part of the work the author pinpoints the three

tribal premises on which national health insurance rests. All three are of European origin, according to Edwards, and have never been fully accepted by the majority of the American public. Nevertheless, they are the mainstay of governmental policymaking.

Premise: All goods and services should be redistributed by the government according to each person's needs.

Premise: The individual exists to serve the needs of government.

Premise: Some individuals may presume the right to regulate others.

There are striking similarities between the witch doctor of the tribal society and the modern-day politician and his ally, the social engineer.

Illustrative of the employment of these three premises is, not surprisingly, one of the leading advocates of national health insurance: former HEW Secretary Wilbur Cohen. His career in government goes back to Franklin Roosevelt's New Deal. He was one of the original architects of the social security system and for almost a quarter of a century has been associated with its numerous modifications. Unknown to the average American and to most American doctors, Wilbur Cohen has been a powerful influence in the push for government takeover and nationalization of the private medical system in this country.

SCARCE RESOURCES

In 1971, after successfully engineering acceptance of the Medicare and Medicaid programs by the Johnson administration and Congress, Cohen revealed his witch doctor philosophy. Significantly, Walter Mondale, then U.S. Senator from Minnesota, inserted in the *Congressional Record* an article written by Cohen advocating a guaranteed annual income and national health insurance. Cohen maintained that such things are not a privilege, but a right, "a right grounded in human and community responsibility and not a handout or a gratuity or part of a policy of noblesse oblige."

So here revealed is the tribal philosophy of the major architect of socialized medicine in the United States. "National Health Insurance," wrote Dr. Cohen, "is a mechanism to focus our planning and our [*our?*] priorities for a more intelligent distribution of the miracles of science to millions of our [?] people. . . . Medical services are a scarce resource. The allocation of scarce resources to priority needs involves planning, judgments, administrative capacity and self restraints."

In his own words, we have Dr. Cohen's presumption that rights are conferred by the community or tribe via the mechanism of government—a revolution, he calls it. "Today the revolution in our ideas about rights and guarantees is fast crowding in on the long held concepts of differentiation between individual and community responsibility.

So must the individual subordinate his traditional rights to the collective community. But Cohen clearly states that he and others, holding the lethal life-and-death power of the law, will tell us what *are* those rights. And we are not individuals with minds of our own, but scarce resources to be used by the government social engineers for the benefit of the tribe.

The totalitarian implications of these premises have not been recognized, much less challenged.

MEDICAL CARE AS A RIGHT

What is a right? In general, it is a moral principle. But it ceases to be a moral principle when the implementation of that right means that one individual can be treated as a natural or scarce resource, to be commanded by government even if it is against his or her will. And it certainly is not a right or a moral principle when individuals or groups of individuals are used and abused for the benefit of others. Yet this is precisely what has happened to individual doctors in particular and American doctors as a whole. Against their consent and even over their vigorous protest, physicians have been forced to live by coercive rules, regulations, and government-dictated programs. The consequence of such programs for physicians, patients, and medicine has been degradation and demoralization of the profession.

Dr. Robert M. Sade—in REASON, September 1972, in the *New England Journal of Medicine*, December 1971—confronted the issue of medical care as a right. "The concept of medical care as the patient's right is immoral," he wrote, "because it denies the most fundamental of all rights, that of a man to his own life and the freedom of action to support it. Medical care is neither a right nor a privilege; it is a service that is provided by doctors and others to people who wish to purchase it. It is the provision of this service that a doctor depends upon for his livelihood, and is his means of supporting his own life. If the right to health care belongs to the patient, he starts out by owning the services of a doctor without the necessity of either earning them or receiving them as a gift from the only man who has the right to give them: the doctor himself."

The idea that human beings and the products of their labor—that is, of their minds—are scarce, or even natural, resources is an idea that is totalitarian, with its roots deep in the dark pages of history.

Dr. Thomas S. Szasz, professor of psychiatry at the State University of New York at Syracuse, has pointed out (*Freeman*, June 1969) that as far back as the Middle Ages both the Church and the State sought to impose restrictions in the practice of medicine. The government of Nazi Germany, he notes, did likewise. Nor is it scare-mongering to bring up the Nazi case, for "no government or organization. . . can provide medical care, except to the degree that it has the power to control the education of physicians, their right to practice medicine, and the manner in which they dispose of their time and energies."

Thus behind the glittering slogans and humanitarian justifications for government-guaranteed medical care remains the naked force and power to command, with or without their consent, the services of physicians in the name of the tribe. Physicians' services are also commanded in the name of a right—thus confusing a right with a claim.

How is it that the Washington witch doctors have been so successful in selling the nation and many of its doctors what is clearly a sophisticated variety of serfdom? The answer can be found in the failure of individual doctors and organizations like the American Medical Association to expose the premises of the tribal philosophy. They have not challenged the premises of equality, of individuals existing to serve government, of the right of an elite to regulate the activities of other individuals, of medical care as a "right" rather than a service. And, importantly, they have failed to understand that such premises have been used to enslave individuals throughout history.

AN INFAMOUS TRADITION

Take, for example, the claim of the regulating elite that those who oppose the tribalization of medicine are living in the past. Socialized medicine is supposedly a new, 20th century idea. But "national health insurance plans are nothing new," wrote Marvin Edwards in *Hazardous to Your Health*; "they have been proposed, debated and tried—unsuccessfully—for nearly three hundred years."

In 1689 a plan similar to the one advanced by Senator Edward Kennedy was proposed; in 1769 the British county of Devon implemented a socialist health program, only to have it collapse because demand outstripped tax receipts! In 1854

Prussia enacted Europe's first large-scale compulsory health insurance, and in 1883 Bismarck did the same for all of Germany. And in the 50 years between 1883 and Bismarck and 1933 and the rise of Adolph Hitler, it was such socialist schemes on the installment plan that led the German people from Bismarck's welfare state to Hitler's police state.

In Britain, beginning in 1909 and continuing until July 5, 1948, when the National Health Service was adopted, advocates advanced a series of arguments assuring the British public that government-run medicine is preferable to private and personal voluntary practice. Dr. Michael Saxon, in his study of the British National Health Service, concluded in 1970 that almost none of the promises made by the advocates of the system has been met. In fact, exactly the opposite results have been produced. He cites, for example, 22 specific areas where the British experiment has failed. "There is no doubt," Dr. Saxon concluded, that the National Health Service "is a bad medical, social, economic and political experiment and should be phased out to make way for individual physician innovations."

Two years later a former Minister of Health, J. Enoch Powell, conceded that the British system had failed, but he believes that it is impossible to abolish it—at least for now. He also contended that under a private system more care would be available than under the government system, less hospitals would be obsolete, and a better attitude of doctors toward patients would replace the bitter relationships that exist under the current system.

In 1689 a national health insurance plan similar to the one advanced by Senator Edward Kennedy was proposed.

It is not necessary to spend any time on the chronic economic stagnation of socialist Britain, except to emphasize one neglected point. Britain's problems are generally attributed to the monopoly power of the trade unions. But behind that monopoly, and the crisis it has created, is a vast welfare-state network—similar to what post-World War I Germany had. And part of that British welfare-state network is the needlessly expensive National Health Service, similar to the one first put into position by Otto von Bismarck prior to the turn of the century. But the similarity does not end there. Germany collapsed into Hitler's dictatorship. And now for the first time, responsible British critics are suggesting that the English people might be headed for a dictatorship!

CHRONIC FAILURE

On a smaller scale, government medicine throughout the globe has suffered as in Britain. Marvin Edwards in his analysis of national health programs in Japan, Sweden, Germany, France, and the Soviet Union concludes they all have the same chronic problems: overcrowding in hospitals, long waiting lists for hospital admissions, inadequate facilities, doctor shortages, hurried consultations, irritating and harmful bureaucratic regulation, lack of privacy, and cut-rate medical care. "Experience has proven national health programs to be failures wherever they have been tried.... The fault is not in the planning, but in the concept. Neither bureaucrats nor legislators are equipped either by training or experience to make competent judgements in the field of medicine. Tax funds cannot provide enough beds or enough medical facilities to handle the flood tide of demand created by 'free' medical care."

Harry Schwartz of the *New York Times* made much the same observations in a 1972 book, *The Case for American Medicine*. In fact, it was he who coined the stabbing expression: "Don't Get Sick in Sweden. You have never had such impersonal care and such long waits in your life."

The major part of Schwartz's book in concentrated on dismantling and demolishing the myths, half-truths, and outright lies fostered by the advocates of government tribal medicine in America. "In their righteous wrath," he wrote, "many of today's critics seem to feel that the limits of truth, balance or plain common sense just don't apply to their holy cause."

It could only take the mentality of a witch doctor to evade the historical and contemporary evidence that state-sponsored medicine is a lethal poison for doctor, patient, and society. Yet for most of this century advocates of socialized medicine have, like primitives, prescribed a cure that has proven costly and has almost killed the patient.

TOWARD NATIONALIZATION

Fifteen years ago Professor Leonard Peikoff of Brooklyn Polytechnic Institute in New York wrote an article titled "Doctors and the Police State." He described how labor unions and state and federal governments sought to pass laws that would, in effect, give politicians the powers of a police state over the nation's physicians. "It is not easy," he warned, "to convert a free country into a totalitarian dictatorship; those who attempt it know that they must move gradually, by a series of precedent-setting steps."

In the decade of the sixties, this is precisely what the advocates of socialized medicine did. In August 1965 Congress passed Medicare and Medicaid after a heated national debate. Actually, it was something less than a debate; the proponents accused the opponents of being in favor of greed at the expense of the poor and the aged. This emotional factor was then played upon by the advocates in the aftermath of the assassination of John F. Kennedy, since he had sought health care for the poor and aged. Those who suggested that Medicare and Medicaid would be costly, bureaucratic, and impossible to administer were either ignored or accused of putting the profit motive ahead of the poor.

When the program went into effect in July 1966, a number of warnings were issued, but they largely went unheeded. Dr. Edward Henderson, then executive director of the American Geriatrics Society, commented a month before the program took effect that "there seems to be a lack of proper planning to implement the law. It has been perfectly obvious for the past ten years that we need more doctors, we need to graduate more medical students, we need more nurses and hospital beds. But very little has been done."

Perhaps the most succinct and prophetic comment was made by Ernest Laetz, an administrator at U.S. University Hospital in Ann Arbor, Michigan: "Medicare looms like an iceberg. We can see part of it. But what lies below the surface makes me apprehensive." It took only 15 months for the Great Society ship to strike the iceberg of Medicare and Medicaid. A national magazine reported: "The cost of Medicaid... is soaring beyond expectations. A majority in Congress appears convinced that Medicaid must be curbed before it gets completely out of hand.... Its scope has turned out to be much broader than most members of Congress anticipated."

As far back as the Middle Ages both the Church and the State sought to impose restrictions in the practice of medicine.

ORGANIZED INSANITY

It was not until two years after the program became law that evidence began to surface about the advocates of Medicaid having deliberately misled Congress. For example, the chief architect and advocate

of the program—again, Professor Wilbur Cohen—had forecast when the Medicaid bill passed in August 1965 that it would probably be necessary to raise patient Medicaid fees. Yet he apparently was instrumental in Congress's receiving cost estimates that were inconsistent with that forecast. In March 1968 a former colleague of Cohen's in the Social Security Administration, Dr. Barkev Sanders, complained that HEW estimates, which Cohen controlled, were deliberately downgraded as a way of gaining acceptance by Congress and to undercut those who contended the program would be too costly. The figure given Congress was: $1.3 billion by 1970. By 1968 the program was running *$4.1* billion. HEW officials, of course, expressed surprise.

Congressman Thomas Curtis, Republican from Missouri, contended not only that Sanders was correct but that the claim by HEW that "unexpected" costs were due to doctors' fees was downright wrong. On the House floor, Curtis agreed with Sanders on the point "that the costs should have been fully anticipated, and to give the impression they are due to increases in doctors' fees is an error, which covers over the more basic underlying actuarial errors permeating other aspects of the social security official estimates."

Yet the advocates of government medicine would not be budged by the facts Their tenacity in the belief in magic is again illustrated by Wilbur Cohen. A month after the facts began to surface that the program he fostered was out of control financially and administratively, he told a New York audience that the time was at hand "for a new and comprehensive system of providing medical care for all the people of the United States."

Most, if not all, programs proposed by presidents and passed by Congress are justified with the tribal premise of equality.

By 1969, escalating costs had been joined by fraud and scandal from California to New York. A New York State commission found that in that state alone the program was being bilked of $60 million out of a total outlay of $1 billion.

In 1970 HEW officials were admitting that "it's organized insanity—no, it's disorganized insanity. Part of the turmoil certainly started under the Democrats," they acknowledged, "but we [Republicans] ought to accept a substantial part of the blame."

What did both Republicans and Democrats propose to do to cure the Medicare and Medicaid mess and scandal? Certainly not to end the politically lucrative program. No, their tactic was to shift the blame away from the Washington witch doctors and onto the physicians—a majority of whom opposed the program in the first place!

SCAPEGOATS

In fact, from 1967 until the present, the entire focus in the discussion of skyrocketing costs for medical care has been on doctors' fees, nursing homes, hospitals, and insurance companies—not on the program created by Congress.

AFL-CIO chief George Meany in October 1967 advocated government controls over doctors' charges to Medicaid and Medicare patients.

In 1969 the IRS was busy examining the tax returns of 10,000 physicians.

In 1970 Ralph Nader was castigating the booming nursing-home business that government had helped create through its programs. Insisting that nursing homes were unsafe and providing inadequate care, he proposed *more* government regulation as the solution. And his ally in the Senate, Senator Frank Moss of Utah, called for a corps of bureaucratic inspectors to police nursing homes.

Senator Abraham Ribicoff, meanwhile, was demanding that the government investigate private medical insurance companies to "help the consumers determine what they are buying." Why he and Senator Moss had not made the same demands when they voted for Medicaid and Medicare programs in 1965 remains a mystery. But then again, that is part of the mentality of the political witch doctors.

Look at all the available evidence! Little doubt remains that many who supported and advocated Medicaid and Medicare 12 years ago knew at the time that it was only the first step to nationalization of the health industry. The chaos and corruption from the program in the last decade has provided an excuse to offer as a cure for the patient more of the same poison.

A USELESS "CURE"

On the fourth anniversary of the program, for example, a group of politicians, labor leaders, and men and women of the medical professsion itself advocated a national health insurance program to *replace* Medicaid and Medicare! The group, headed by United Auto Workers official Leonard Woodcock, conceded that the government had spent in excess of $9.2 billion. And, under its plan it would cost only $8.8 billion—but, another $6 billion would have to be raised in taxes to cover all citizens under national health insurance. "The insecurity created by the health crisis in America," asserted Woodcock, "stems from the lack of a nationwide system for providing and financing comprehensive health care."

It was this blindness and bigotry, if not downright dishonesty and misrepresentation, that spurred *New York Times* editor Harry Schwartz to begin work on his brilliant and lucid work, *The Case for American Medicine: A Realistic Look at Our Health Care System* (New York: David McKay, 1972).

Schwartz is justifiably critical of many of his colleagues in the media for their outright misrepresentation of the real cause for the medical crisis in America while ignoring the virtues and accomplishments of the private practice of medicine. In a *Saturday Review* article in August 1971 he wrote: "In an era of increasing and justified disenchantment with big government, it is astonishing that so many well-meaning and intelligent reformers essentially want to nationalize and bureaucratize American medicine, either explicitly as in Britain or implicitly as in some of the legislation before Congress. One would have thought that the postal system and public schools would have taught them long ago that nationalization does not mean efficiency, and that the telephone system would have taught them that even a private integrated system can develop serious flaws. Based on the record of the past we have every reason to suspect that if the revolutionary proposals for transforming American medicine are adopted and implemented, medical care in this country will cost more while providing less satisfaction and poorer treatment for millions."

POWER GRABBING

In the five years since publication of Schwartz's book in 1972, the nation and the private medical profession have been subjected to a relentless propaganda campaign—in books, magazine articles, newspapers, radio, television—that blackens the profession while ignoring its considerable superiority and value compared to government-imposed and government-dictated medicine. Senator Edward Kennedy and others in Congress have every year since 1972 advocated a national health insurance plan. Yet there is evidence to challenge the wisdom of that proposal.

In 1973 HEW admitted that its major health programs are in a shambles and wanted the American Medical Association to help them straighten things out.

In 1974 the Rand Corporation predicted that any national health insurance program would swamp doctors' offices and out-patient clinics but have little impact

on hospitalizations.

In 1975, the tenth anniversary of Medicaid and Medicare, *U.S. News and World Report* noted that for all practical purposes private medicine had lost much of its prized independence, that the profession itself had given up. "The fact is," stated the magazine, "that health is one of the most heavily subsidized industries in the country. and with money comes control."

For most of this century advocates of socialized medicine have, like primitives, prescribed a cure that has almost killed the patient.

In 1976 there was the malpractice insurance crisis. Ralph Nader's campaign encouraging litigation against doctors had been effective indeed. In the midst of the crisis, Nader's director of health research urged more of the same: "People sue because they are disenchanted with their lousy health care. I would encourage more malpractice suits. Then maybe the physicians in this country would start pulling themselves into shape."

Patricia Coyne, the Washington correspondent of *Private Practice* magazine, cited the Nader campaign and the general attack on private medicine as the prelude to its total takeover by government. The malpractice insurance proposals advanced in Congress, she pointed out, were one more way of gaining control of the private medical profession under the smokescreen of reform. "The malpractice crisis is just one of many instances in which the liberal mentality has tended to create chaos in an institution which it has decided is in need of guidance and control. These are tactics men have always used when they seek to vest themselves with power and influence over others."

Observe that in the same year in which such controls were being advocated, HEW was mounting a swine flu innoculation program that turned into a fiasco. The New York County Medical Association made this pertinent but largely ignored observation: "The swine flu innoculation scheme is a classic example of what happens when politicians play around with the delivery of health care."

MORE BLACK MAGIC

Now here it is 1977, and what do we find? President Carter has proposed using the police power of the State to enforce a nine percent price ceiling on hospital charges and is considering a ceiling on physicians' fees as well. Some in the medical profession will go along with this, naively assuming that they can live with such measures or believing that they would control costs. In reality, the Carter proposals would bring us a step closer to nationalization. The administration is now setting up in HEW a Health Care Financing Administration. This will be the bureaucratic mechanism to handle a national health insurance program that Carter is hoping to railroad through Congress. The high outside cost for this Carter plan is estimated to be $130 billion annually.

And who has Mr. Carter appointed to head HEW? Why, the architect of the Great Society programs of the 1960's, Joseph Califano. And assisting him in planning national health insurance is none other than Dr. Wilbur Cohen.

So if at the start you were somewhat hesitant to accept my claim that what we have in Washington is political witch doctors who believe that medicine can be made by black magic, I trust the volume of evidence I have presented has persuaded you that the label is kind, if not understated.

Take as two final pieces of evidence the remarks of the outgoing head of the Council on Wages and Price Stability, William Lilley, III. It is his conviction, after looking at the evidence, that increasing government regulation of the health sector has its origins in the Medicaid and Medicare programs. Such programs require excessive hospitalization, medication, and other services. Government, he contends, "is a major part of the problem, not part of the solution. Its regulation has added enormous costs; it's questionable whether they've improved the quality of care that much." In a similar vein, the U.S. Public Health Service concluded last year that "further expansion of the nation's health system is likely to produce only a marginal increase in the overall health status of the American people."

Thus, what the private medical profession is facing is nothing short of enslavement. And this enslavement is being justified by men and women who have demonstrated that power over others is more important to them than actual performance and the administration of sound medicine. Will the private physician in this nation evade the evidence on this proposed enslavement, as the outgoing president of the American Medical Association did in 1966 when Medicare and Medicaid went into effect? "We are not stepping off into a bottomless pit of professional destruction and despair," asserted Dr. Charles Hudson. "If we make the most of this program, doctors may prevent its extension toward a national health service."

A REGIMENTED PROFESSION

The practice of medicine calls for perhaps the most personal relationship of any profession in the nation. Yet we now have a president who has brought back to power a group of political witch doctors who are preparing to regulate and control that very personal relationship. For the safety of the profession and of patients, physicians throughout the nation must stand up to these Washington witch doctors, must counter the con game for political power. If they don't, what they eventually get is what they will deserve.

Seven years ago Dr. Robert M. Sade put the entire issue in perspective with these thoughts: "When politicians say that the health system must be forced into a mold of their own design, they are admitting their inability to persuade doctors and patients to use the plan voluntarily; they are proclaiming the supremacy of the state's logic over the judgment of the individual minds of all concerned with health care. Statists throughout history have never learned that compulsion and reason are contradictory, that a forced mind cannot think effectively and, by extension, that a regimented profession will eventually choke and stagnate from its own lack of freedom. In the face of the raw power that lies behind government programs, nonparticipation is the only way in which personal values can be maintained."

The Washington witch doctors are gaining control, and medical black magic is the poison they are proposing. It remains for doctors and patients in America to make their declaration of independence. ☐

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Foreign Aid

Continued from p. 26.

but has increased in recent decades, notably since before World War I. Of course, the whole discussion usually ignores exports of mineral oil, by far the most important export from the Third World—even before OPEC, worth well over double that of any other export.

But even if it were true, it is irrelevant. The decline in the share of a country or group of countries in world trade has no adverse welfare implications and is not evidence of adverse external conditions. For instance, since the 1950's the large increase in the foreign trade of Japan, the reconstruction of Europe, and the liberalization of intra-European trade have brought about a decline in the share of other groups in world trade, including that of the United States and the United Kingdom. Exports from a country or group of countries often decline as a result of increased domestic use of previously exported products (Nigerian groundnuts and palm oil), the intensification of protectionist policies of their governments, domestic inflation, or special taxation of exporters (Burma rice). A decline in the share of a group of countries in external trade is no evidence whatever of unfavorable external developments.

Allegations about the persistent deterioration in the terms of trade (the ratio of import and export prices) of *ldc's* or primary producers (these categories are often treated as if they were interchangeable) are, again, meaningless or untrue, and usually both. The lack of similarity in the trading patterns of the Third World (which comprises well over half the world) makes aggregation of their terms of trade practically meaningless. In any case, the terms even of individual poor countries are of almost no interest if they relate to more than a very short period—unless changes in the cost of production of exports, in the range and quality of imports, and in the volume of trade are also considered. What matters is the amount of imports which can be purchased with a unit of domestic resources or a specified volume of resources, and this cannot be inferred from the ratio of import and export prices. And in fact, when production costs, improved imports, and the huge increase in the volume of trade are taken into account, the external purchasing power of *ldc's* is now extremely favorable.

WHOSE MORAL DUTY?

The belief that foreign aid is the discharge of a moral obligation to help the poor is perhaps the most influential argument—or emotion—behind the advocacy of aid in popular discussion. This suggestion is usually based on the poverty of the Third World as compared to the West. I have already noted, however, that the assumption that aid is bound to raise recipients' living standards is quite unwarranted, that the income comparisons bandied about in this context are worthless, and, further, that much of aid benefits the relatively well-off and leaves the poorest untouched or even affects them adversely.

Yet the argument that aid is the discharge of a moral duty to help the poor is open to a further, and perhaps even more fundamental, objection. The implicit analogy between foreign aid and the morality of voluntary charity fails. Foreign aid is taxpayers' money—the donors have to pay whether they like it or not. By and large they do not even know that they do in fact contribute aid. Aid lobbyists do not give away their own money. They propose taxes on others. The moral obligation to help one's fellow man rests on persons who are prepared to make sacrifices. It cannot be discharged by entities such as governments.

"We shall produce any statistic that we think will help us to get as much money out of the United States as we possibly can. Statistics which we do not have, but which we need to justify our demands, we will simply fabricate."

—Unnamed civil servant, quoted in O. Morgenstern, *On the Accuracy of Economic Observations*

AID AS SELF-HELP

The arguments and sentiments in favor of aid usually focus on the needs of the recipients, but aid is often said also to benefit donors by promoting political strategy or developing export markets.

Yet aid can hardly serve to promote the security of the donors. It reduces their resources and, to that extent, weakens their position. Moreover, in the unlikely event of aid substantially promoting the material development of the recipient countries, this would improve their military potential, enabling them to become a threat to the donors.

Is it still necessary to cite specific examples to show that the granting of aid has not actually promoted the political interests of the Western donors? The recipients usually find it satisfying to assert their independence, and they find regular occasions to abuse and embarrass the Western donor—which is not surprising, for the indiscriminate distribution of Western millions understandably arouses suspicion, especially of political domination.

Nor can aid provide markets for exports, since exports bought with aid are given away. This benefits donors as little as a shopkeeper would benefit from being burgled because the thief may spend part of the proceeds in his shop. The suggestion that aid benefits donors through the long-term development of the recipients again anticipates the success of aid, also ignoring the alternative and more productive uses of resources within the donor countries and elsewhere.

Supporters of aid generally seem to be well intentioned. But they appear to be interested not so much in the effects of aid or in the welfare of the recipients as in giving away money—sometimes their own, but more often that of other people. There is a widespread if vague feeling of guilt in the West, often unaccompanied by any sense of responsibility for the consequences of the actions that issue from it.

AID—WHO BENEFITS?

Foreign aid may not do much for its supposed beneficiaries and often contributes to their suffering and hardship. But it does demonstrably benefit influential and articulate sectional interests in the West. These include the staffs of international agencies and of government departments; bored, power- and money-hungry academics; the churches, which increasingly look upon themselves as secular welfare agencies; and exporters who benefit from sheltered markets. There are also supporters of aid who favor it on political grounds, such as its use as an instrument for what they call social change in the recipient countries, that is, the establishment of socialist societies there.

There are thus reasons why both the actual effect of aid and the shortcomings of the arguments in its favor will continue to be ignored. The substantial flow both of aid and of the familiar arguments for it is therefore almost certain to continue. ◻

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Does Saccharin Cause Cancer? Do Pigs Fly? Ask Congressman Delaney

The Delaney Amendment guarantees the production and acceptance of false theorems by the FDA.

by David Levy

Over the years, members of the scientific community have amused the public with systematic dissections of the claims of astrology to scientific status. There is little evidence that individuals actually allow their substantive personal decisions to be influenced by the wanderings of the planets or by those who claim to interpret them. Nonetheless, there is a great deal to be said for demonstrating that some arguments are sadly fallacious.

SCIENCE A LA CONGRESS

This concern for the purity of public discussion raises a question. Why has not the claim of Congress, through the Delaney amendment, to make decisions for individuals been subjected to the same analytical scorn as the claim of Omar the Weird to make such decisions? What should bother scientists *as* scientists is not that the Delaney amendment treats adults as if they are witless children. Nor that there is no attempt to estimate the human costs of substituting for or doing without particular additives. What should shock a scientific conscience is that the Delaney amendment guarantees the production and acceptance of false theorems.

The amendment instructs the FDA to ban any food additive that can be shown, via "tests which are appropriate," to cause cancer in either humans or experimental animals. But Congress neglected the elementary logic of the problems that must be faced in proofs that one state of affairs causes another.

To prove that x causes y, it is not sufficient to show simply that after x has been added to the scene, y results. To think otherwise is to fall victim to one of the hardier of the fallacies of pseudoscience. If I may borrow an example from one of the century's premier logicians, Lord Bertrand Russell, let us suppose we wish to prove the hypothesis that pigs have wings. Since pigs are somewhat unsavory, it would be desirable to test this thesis without actually examining a pig. To do so, we might infer from the hypothesis a testable proposition—for example: some warm-blooded animals fly. Looking around, we discover, lo and behold, that there are indeed some warm-blooded animals that fly. From this can we conclude that pigs have wings? We have diligently tested the proposition implied by the hypothesis. It seems true. Still, there is something troubling about affirming the hypothesis on this basis.

The fallacy is easy to spot, here, because we know something about pigs. They simply do not have wings. The birds and bats which fly are not pigs. How can we prove a theorem about pigs by looking at birds or bats? Of course, we cannot (with apologies to Nelson Goodman). We cannot, anyway, without first proving that what birds and bats can do, pigs can do too.

UNPROVEN PREMISES

Now let's apply this example to the Delaney amendment. We wish to prove the hypothesis that some food additive causes cancer in humans. Again, it is desirable to test, not the hypothesis itself, but a proposition inferred from it—not because humans are unsavory, as is the case with pigs, but because it is undesirable to set out to cause cancer in humans. So we test a derivable proposition: the food additive causes cancer in some animals. One group of test animals is fed the additive, and the cancer rate in that group is compared to the rate in a control group of (the same kind of) animals that were not fed the additive. Suppose we discover that the cancer rate is indeed higher in the additive group. Have we proven a hypothesis about humans by experimenting with other animals? We cannot do so unless we have proven that what happens in other animals also happens in humans—just as we cannot prove a theorem about pigs by looking at birds or bats without first proving that what birds and bats do, pigs do too.

Thus does the Delaney amendment fall into the fallacy so easily perceivable in the flying pigs "proof." As evidenced by its instructions to ban any food additive found to cause cancer in humans *or* animals, it assumes that what happens in some animals will happen also—or is very likely to happen — in humans. Yet this goes unproven, not only in general, but in the particular case of the happening of cancer.

Specifically, note the problems with this assumption in the recent Canadian study of saccharin in rats, which has raised such a public furor. According to the study, ingestion of this food additive increased the incidence of bladder tumors in the rats in the experiment. *Science* magazine (June 10, 1977) points out some scientists' reservations; "when it comes to bladders," they note, "rats are a special breed." Because of rats' distinctive metabolism, chemicals tend to remain in their bladders for a relatively long period before being excreted. This, in turn, leads

to frequent development of bladder stones, believed by some experts to cause tumors via physical irritation. In addition, rat bladders are commonly hosts to parasites associated with tumors. While these factors would be constant (statistically) across all *rats*, they call into question the relevance to *humans* of finding saccharin-induced cancer in rats. In assuming the general relevance of other animals to humans, the Delaney amendment assures the fallacious acceptance of hypotheses.

PROVING CAUSES OF CANCER

And there are other logical problems, having to do with even proving that one state of affairs causes another. A sad fact of life in science is that we cannot observe a causal relation—not in the same intuitive sense that we can look at a pig to see whether it has wings. Even if cancer shows up when testing the derivable proposition, the difficulty is in determining the *cause* of the cancer.

The problem is to test whether a food additive, *per se*, causes cancer. How do we discriminate between this possibility and the possibility that the food additive *when combined with something in the test* caused the cancer? The Delaney amendment does not require that the FDA worry about the possibility that the food fed the animals in conjunction with the food additive caused the cancer. Nor that these, in conjunction with the genetic strain of the animals, caused the cancer.

Indeed, it is now known that saccharin, *per se*, does *not* invariably cause cancer in experimental animals. The *Science* article cites ongoing studies of hamsters and monkeys which show no increase in cancer after long periods of saccharin ingestion. And there are problems with pinpointing saccharin as the cause in the Canadian rat experiment. It now appears, again according to *Science*, that the saccharin used was impure. *Pure* saccharin has not been found to produce mutations in a new and sensitive test-tube method of screening for carcinogenic substances. Perhaps even more damning, not all pathologists viewing the slides of the Canadian rat bladders conclude that they are viewing cancerous tissue! Similar issues would apply to the even more recently released study directly linking the use of artificial sweeteners and bladder cancer in males. In addition, until its procedures are publicized, it is impossible to assess the adequacy of the control group involved. These are some of the problems that plague attempts to prove that any x causes some y.

SACCHARIN EVIDENCE

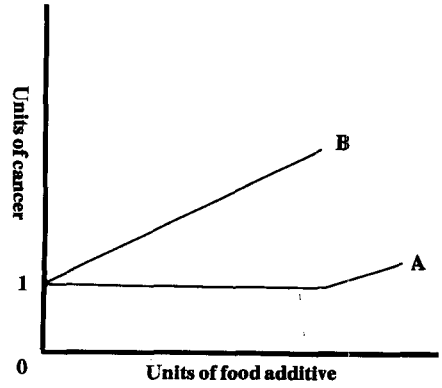
Those commenting on the FDA proposal to ban saccharin are of the opinion that the experimental evidence is mixed. Assuming that all the reported experiments can be replicated at will, what can we conclude from the fact that some experiments produced higher cancer incidence in saccharin-fed rats and some did not? It is vital to remember that each of the experiments has certain "background" features: the genetic strain of the animals, the food upon which they were fed, etc. Then we know that there is some set of background features and saccharin that does *not* result in higher cancer. We also know that there is some set of background features and saccharin that *does* result in higher cancer.

From this we cannot logically conclude that saccharin causes cancer. Indeed, we can just as well conclude that saccharin does not cause cancer.

To compound the intellectual disaster, the Delaney amendment does not require that the FDA estimate or base its decision on the functional relation between the additive and an increase in cancer. Does an extra one percent of saccharin bring about an extra one percent of cancer? An extra one millionth of one percent?

The Delaney amendment falls into the fallacy so easily perceivable in the flying pigs "proof."

Consider two hypothetical additives A and B and their effect on cancer as charted below. With no consumption of either A or B, there is a unit amount of cancer. Clearly, there is a range over which A does not result in more cancer. Nonetheless the Delaney amendment would allow the FDA to accept and act upon the simple theorem that food additive A causes cancer.



The scientific methodology inherent in the Delaney amendment is appallingly shoddy. Perhaps that should be expected from science a la Congress. But it is sad that with all the generous expenditures on basic scientific research over the last decades, there is no widespread concern in the scientific community to protect the general public from the workings of a pseudoscientific process. ◻

David Levy works for the National Planning Association in Washington, D.C. He advises that the views expressed here do not necessarily represent the views of anyone else.

Coming Next Month:

November brings REASON's annual Book Review Issue, featuring some of the most important books of the past year. Dr. Petr Beckmann takes aim at Barry Commoner's *The Poverty of Power*, while Dr. Adam Reed examines Philip Boffey's *The Brain Bank of America*. Jerome Tuccille takes a hard look at two books on the future: *Images of the Future* and Herman Kahn's *The Next 200 Years*. Prof. Antony Flew reviews the virtual flood of recent books by contributing editor Thomas Szasz (*Psychiatric Slavery, Karl Kraus and the Soul Doctors, Schizophrenia,* and *The Theology of Medicine*), while Dr. Howard Maccabee examines Ivan Illich's controversial *Medical Nemesis*. Economist Paul Craig Roberts contrasts Michael Harrington's *The Twilight of Capitalism* and Robert Wesson's *Why Marxism*. And Doug Den Uyl provides a thoughtful overview of the second volume of F.A. Hayek's *Law, Legislation, and Liberty*. Barrister Arthur Shenfield gives us a guided tour through the current Adam Smith revival, reviewing new editions of Smith's best-known works, E.G. West's new biography, and Benjamin Rogge's new Smith collection. And finally, Donald Lee discovers David Norton's challenging book, *Personal Destinies: A Philosophy of Ethical Individualism*. All in all, quite an intellectual feast for your fall and winter enjoyment.

Water

Continued from p. 21.

salary—the state of Virginia pays the other half—provides him with a car, parking place, secretary, office, and telephone, and buys soap and toilet paper for his restroom. But Judge Bray is a humorless man.)

Thrown out of court in February 1975, I sued a second time, still acting as my own attorney, this time on grounds that the city ordinance outlawing the use of well water is unconstitutional.

My adversary in court was Ron Hallman, deputy city attorney, an engaging young man with whom I sometimes play tennis. He threw various dilatory pleas at me, including one complaining that I had not numbered the paragraphs in my lawsuit. Each of his pleas was denied. One cited *res judicata*—that the issues had been decided in my earlier case and were therefore not open to further litigation between the same parties.

Res judicata was so complicated I had to spend hours in a law library and eventually sought out an attorney, Paul Lipkin, a thorough and dedicated man who is often referred to by his colleagues as a "bleeding heart" because he takes many unremunerative cases.

I contend I have a basic right to quench my thirst from my well, not from city water.

My file on wells, asbestos pipes, and cancer was growing larger. The EPA started a study on the problem of asbestos in water supplies, the erosion of asbestos fibers from the walls of asbestos-cement pipes, and the relationship of such asbestos "leakage" to cancer.

The Chesapeake Department of Public Utilities, despite the growing controversy over the pipes, continued to install them throughout the city. Meantime, the EPA published a list of 253 possibly harmful chemicals found in city water supplies, many of them cancer-inducing. (When my neighbor's young daughter celebrated her birthday, she received five goldfish as a gift. She put them in a bowl of city water, and they turned belly up and died. Her replacement fish were put in well water, where they thrive.)

The months passed. Then a year, and finally almost two years. My fight in court continued. Eventually, my attorney and Hallman agreed to stipulate the facts in the case and then present both written and oral arguments. Under this agreement, the city conceded that my well produces clear, pure, good-tasting water; I conceded that I am not complying with the law.

The written arguments have been presented. I contend I have a basic right to quench my thirst from my well. Appellate courts throughout the United States have held consistently that water underlying a man's property is his to do with as he pleases. The city contends that under its police powers it can close down my well and force me to drink city water which flows through asbestos-cement pipes. Oral arguments before the judge have yet to be heard—and have not yet been scheduled.

It pleases me to drink water from my well. Philip W. Quigg, in the May 1975 *Audubon* magazine declares that well water is of better quality than surface water, which is what most city water is. It's also immune from contamination and costs less. I get 1,000 gallons of water from my well for five cents' worth of electricity. The same amount of water from the city would cost me 70 cents.

The Department of Public Utilities claims everyone must buy city water if the department is to be self-supporting. Asbestos/cement pipe is cheaper than other kinds, and the department is choosing economy over safety.

Of Chesapeake's 100,000 residents I stand alone in trying to keep to my well and avoid drinking asbestos fibers.

To a person, those who have inquired about my violating the city ordinance and about the progress of my lawsuit, have commented: "Well, you gotta die from something." To which I reply: "Yeah, but I reserve the right to choose my own poison." ◻

Mr. Cahill, who considers himself an environmentalist, operates a one-man advertising and public relations agency in Norfolk, Virginia, and does free-lance writing.

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If the Press Is Free, Why Aren't We?

Newspapers condemn censorship of ideas while promoting censorship of production.

by Bernard Siegan

Many newspapers in rapidly growing areas of the country favor strong regulation of development. They editorially support slow- or managed-growth proposals. Sometimes they endorse candidates for local office committed to these policies. This point of view is not unusual these days, but the fact that it comes from the press should be most disturbing. Regulation of growth to the degree the newspapers desire requires increased government involvement in the private market and substantial controls over private property.

The publishing business in this nation has been a most vociferous opponent of any kind of government intervention, when its own ox is gored. The slightest suggestion of governmental controls over its obtaining and expounding the news usually brings forth a crescendo of outrage on the editorial and even news pages.

Not long ago when a Nebraska judge applied restraints on pretrial coverage to help assure a fair trial for a person accused of murder, the roar of the editorial pages across the nation was so loud, one might have thought the nation had succumbed to judicial dictatorship. Fortunately for the editorial image of the Supreme Court, it upheld the newspaper position and overturned the gag order.

REGULATE THE OTHER GUY

The construction business sustains infinitely greater regimentation, and yet still more is being demanded. The tyranny of government of which newspapers are so fearful is already a grim reality for many property owners and developers, and not a distant threat.

Growth controls mean that the local politicians make decisions on the use of private property, decisions that in a free society should be left chiefly to the marketplace. Freedom and competition are critically diminished in one of the nation's most important industries. The politicians and bureaucrats censor what can be built and where—and possibly, in time, by and for whom—something that our newspaper friends should well understand and find abhorent.

The newspapers contend, however, that stronger regulation is required to prevent "sprawl" and other problems created by unregulated growth. But there is no question that freedom brings with it a certain amount of excesses and abuses. If that were the criterion for regulation, we would not have a free press. Considered in terms of the problems that can be or are created for society, there are few better candidates for regulation than the newspapers.

Distortions and untruths, unfairness and prejudice, exclusion and mistakes, occur more than just occasionally. The transgressions of the press into individual privacy and sensitive areas of crime and punishment have been recounted often, and they are numerous. Much "shoddy construction" is evident in news stories, particularly those concerning relatively complex social and scientific matters, and does not contribute to an informed public opinion.

As businessmen, the owners of newspapers seek to maximize their profits by selling information that most people will want to buy—and much of it does not further anybody's enlightenment or education.

The owners also posess immense power. In a representative society, the ultimate and final decision on war and peace, prosperity and depression, and personal rights and welfare rests with an electorate dependent on the media for accurate and reliable information. In a close election, the endorsement or reporting of a newspaper can decide the outcome in local or national races. Causes can be won or lost depending on the coverage they get.

The press plays a very critical role in our lives. Nonetheless, we allow publishers and editors to make those vital judgments unhindered by government—and with good reason. The progress of Western civilization has occurred because of its willingness to accept the fallibility of individuals rather than submerge them to the might of the State. This lesson appears to have escaped us when land use is involved.

The evidence is that most land use difficulties are attributable to the intervention of government. A major reason for sprawl in San Diego county, for example, is the strict growth policy of the city of San Diego (rarely criticized by the local press). It causes builders to develop property in the unincorporated areas and outlying cities even further from existing urban areas. Decreasing development restraints in the city would likely accomplish as much for orderly development as increasing them in the county. Regrettably, when this recently came up in San Diego, both daily newspapers seemed to prefer the alternative requiring more government coercion.

Growth controls lead to a reduction of housing production resulting in higher prices and rents and far less variety in improved real estate. Business and labor suffer. Mobility in housing is curtailed, to the great disadvantage of the less affluent. As the San Diego case shows, regulation begets regulation, and soon demands are made for controls over prices and rents and for greater amounts of housing sub-

sidies. It is not much of a free society if only the newspapers remain free.

SPECIAL TREATMENT

Many people from the press take exception to the views that the newspaper business is entitled to no more nor less liberties than the construction or any other competitive industry. They believe, along with many commentators on the subject, that the press warrants select treatment.

The grounds presented for this position typically are threefold: first, the rights of the press are absolute and unlimited under the Constitution; second, a completely unrestricted press is essential to the functioning of a free society; third, government is incapable of properly regulating the press. While not all of these arguments are accurate, there is enough truth in them to support the special legal status the press presently enjoys. They do not establish that the rights associated with the press deserve preference over those of other producers and sellers.

The First Amendment to the U.S. Constitution states: "Congress shall make no law... abridging the freedom of speech, or of the press...." Some insist this is an absolute requirement and commands complete freedom of expression without government regulation of any kind.

The late Justice Hugo Black and retired Justice William Douglas are considered champions of this view, but in spite of their long years of service on the high court, they never obtained a majority for this position. Moreover, both justices qualified the applicability of this constitutional provision so that it was absolute only within a limited sphere. Thus Justice Black drew a distinction between speech and conduct and thereby excluded from constitutional protection many activities involving expression.

LIMITED FREEDOM

The problem with the absolute position is that society could not function in the absence of any restraints on expression. The irresponsible could, with impunity, shout "fire" in a crowded theater. Newspapers could print lies and misrepresentations and destroy reputations without fear of legal reprisal. The home, business, church, club, legislature, court room, and military, both on and off the battlefield, would not be immune at any time from uninterruptible harangues. Once it is accepted that the First Amendment does not safeguard these forms of expression, a line has been drawn, and the provision is no longer absolute, but subject to distinctions and controls.

No one has ever shown that the framers of the amendment intended the provision on expression to be absolute. The evidence would suggest otherwise; there probably was far less concern for free speech and press in the early years of the nation than now. Many leaders in colonial times and subsequent to the revolution were not opposed to punishing people for making political statements that today would pass largely unnoticed.

A more convincing argument is that a free and representative society cannot exist without freedom of expression. This is unquestionably true, for it would not otherwise be possible for the electorate to understand, discuss, and sound off on poliltical issues.

But not all speech leads to political wisdom and progress. Most of the contents of newspapers—features, advertising, comics, sports, market reports—do not further the airing and spread of political and governmental information. These pages are devoted largely to the pleasures, conveniences, and material needs of people. On these pages, the publishing business contributes to the public welfare comparably to the housing, auto, transportation, food, etc., industries. To survive and flourish, publishers, like these others, must serve the demands of the consuming public.

Nor do the news and editorial columns always improve the public's comprehension of the issues. Splashy headlines, inaccurate reporting, partisan coverage, sensationalism, concern with personalities and not issues, and promotion of favored causes and exclusion of others tend to detract from rather than benefit the cause of self-government and enlightenment.

CENSORSHIP, NO

It is far from clear that the press is enhancing the condition of man more than the businesses that provide food, clothing, shelter, and other essentials. Publishing appears to be just as appropriate for government regulation, which is supposed to soften or remove the excesses and overcome the limitations of the private market.

Newspapers are on the firmest ground when they contend that government regulation of the press would operate tyrannically and incompetently. Censorship is wrong both for philosophical and pragmatic reasons. It is not a device reserved solely for the press, however. Government regulators who decide what can be produced in the economic market, and where, and make aesthetic judgments—as, for example, zoning authorities continually do—carry out essentially the role of a censor. The most persuasive rationale for press freedom, accordingly, applies *equally* to other sectors of society.

A professor of law at the University of San Diego, Bernard Siegan specializes in studies of land use. His latest book in this vein is Other People's Property. *He writes a syndicated column for the Freedom Newspaper chain, and his article here is adapted from columns appearing on November 14, 1976, and January 9, 1977.* *Copyright © 1976 by Bernard H. Siegan.*

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The War On Energy

viewpoint

Alan Reynolds

Critics of President Carter's energy proposals have been understandably confused about the combination of taxing oil and natural gas to make them more costly while strengthening price controls to keep them cheap. After all, the original rationale for price controls was to insulate consumers from the effects of higher prices of imported oil and gas. If foreign energy producers charged more, we would simply pay domestic producers less. That would keep demand up and domestic supplies down, thus creating a growing market for imported oil and liquefied natural gas. It was either a foreign aid program for the Arabs, or a plan to clean up the oceans by putting idle tankers to work.

The new administration's proposals are different. Starting with the clear recognition that the whole problem of OPEC is that the cartel has made oil and gas too scarce and costly, the new plan is to make oil and gas more scarce and costly.

The new energy plan is soundly grounded on the political principle that people hate higher prices (unless paid to foreigners) but love higher taxes.

Normally, we expect that people will demand less of something as its price increases, and that suppliers will be willing and able to supply more at higher prices. As a result, shortages and surpluses are self-correcting, since prices change to balance supply and demand.

The administration acknowledges that energy supplies will increase with rising prices, but only up to the exact point where incentives are "adequate." Beyond this price, which is so perfectly known as to be enacted into law, further increases in price apparently have no effect whatsoever on supply. The supply curve kinks and becomes vertical. And since we will run out of oil and gas sooner or later, the administration figures we might as well run out sooner.

Demand, on the other hand, is apparently unaffected by prices, but it *is* affected by taxes. Besides, with higher prices we would only get more energy, while with higher taxes, we will get more government. This is a plan to solve the chronic shortage of government.

Since prices are assumed to have no effect on either supply or demand, we clearly must have a ten billion dollar bureaucracy to close the growing gap between what people would like to buy, at controlled prices, and what producers are able to supply. By limiting certain sorts of energy demand, with selective taxes and prohibitions, the government will be able to separate Mr. A's real needs from Mr. B's superfluous demands, and thus eliminate waste. Waste is energy consumed by people who vote incorrectly.

The administration's dynamic, long-term model differs only slightly from this static model. In the absence of enlightened taxes on waste, energy demand would continue to rise at a compound annual rate of 4.36 percent right up until the day the world ran completely dry. It might be supposed that such increasing scarcity would cause rising prices which would dampen demand. But this argument neglects the fact that demand is not responsive to prices (only to taxes), and that if foreign prices got too high, the price controllers would be instructed to roll domestic energy prices back to zero.

The dynamic supply model involves periodic variations in the scope and level of price controls in order to induce more supplies. The idea is to solemnly pledge to domestic energy producers that some portion of oil or gas production will remain free of price controls (new oil before 1976, intrastate gas until now), and then to roll back the price after the costly exploration and development have been undertaken. This should be done annually by creating new categories and prices, such as "new, new oil" or "deep and distant gas." Attempting to vary the rules more often than once a year could conceivably produce a credibility problem, and unsocial producer behavior.

Once this economic model is grasped, the logic of the Carter energy proposals becomes obvious. The logic of the model itself, however, is another matter.

The least mischievous parts of the Carter program (the tax on gasoline and gas guzzlers) appear likely to be diluted or scrapped, while the most destructive portions will probably be enacted. I refer to the tax penalty on producing domestic crude, the confiscatory extension of natural gas price controls to the intrastate markets, and the extremely restrictive definitions of new oil and gas—which alone will be allowed an almost sensible price.

Why should we be willing to pay more for imported oil and liquefied natural gas than we are willing to pay to our own domestic producers? Why should we give every incentive for those lucky enough to get natural gas to use it up quickly at a price that is substantially less than what it will cost to replace it? Our whole energy and environmental policy has been, and continues to be, a policy of encouraging consumption and discouraging production. It makes no sense at all.

An alternative analysis of the energy policy crisis, supplied by two MIT economists in *The Public Interest*, is that price controls on oil and gas have pushed demand eight percent higher and supply six percent lower than otherwise, adding five million barrels a day to U.S. oil imports. Removing these controls—these subsidies to OPEC—would not be a windfall to producers, but only an offset to previous expropriation. Consumer prices would ultimately be lower with decontrol, not higher, because we would be substituting domestic oil and gas for more-costly imports, and because the added domestic supplies and reduced demand for imports would put some competitive pressure on the OPEC price.

No matter what the problem is, the Carter solution always involves trying to redistribute income from those who earn it to those who don't, as though people would keep on trying to earn more regardless of how little they are allowed to keep.

The administration's curious sympathy for international commodity agreements —more OPECs—seems to anticipate a redistribution of income from supposedly rich countries, like Italy or Britain, to the more deserving poor countries like Uganda, Chile and Brazil.

We don't yet know the precise shape of the coming tax and welfare reforms, but they will probably involve more of the same.

This is too bad, because people are paid well for producing well. Families in the top five percent of the income distribution, for example, have an average of 2-1/2 family members working, while those in the bottom five percent have less than one worker. Tax penalties on productive effort and investment must inevitably reduce the economy's ability to provide enough jobs and rising real incomes.

It is difficult to understand the insatiable political impulse to penalize productive activity, to punish success. Perhaps, because Mr. Carter understands that his voting support lies with the poor and the unemployed, he has a natural incentive to adopt policies that will increase poverty and unemployment. ◧

Alan Reynolds is a vice president of the First National Bank of Chicago and editor of its *First Chicago World Report*. His Viewpoint appears in this column every third month.

foreign correspondent

Australia: Work In Progress

Sydney. We have long known that Australian Prime Minister Malcolm Fraser professes to admire the works of Ayn Rand. Indeed, this is seen to be so much a part of the man that Australia's top political cartoonist, Larry Pickering, often draws the Prime Minister walking around with an Ayn Rand book in his hand.

But it has always been difficult to see any Randian influence in anything Fraser or his government does—and goodness knows he's had every opportunity, having been elected with a record majority in November 1975 by an electorate thoroughly chastened by a disastrous experiment with the socialist Labor Party.

The most optimistic observer could perhaps see some Friedmanite influence in the attack on inflation, and odd phrases with Randian overtones sometimes crept into the Prime Minister's speeches. But that's about all.

Then came the recent Commonwealth Heads of Government meeting in London (Guy Fawkes—where were you??). Mr. Fraser was reported as having taken a leading role in proposals to totally reconstruct the world commodity market.

His statements there made clear that Mr. Fraser is committed to "massive government intervention in international commodity markets." Mr. Fraser was actually quoted as saying that "the open market system belongs to the laissez-faire economics of the last century." So now we know where he really stands.

The King is dead. Long live the King.

In the New South Wales Division of Fraser's Liberal Party, there is a powerful conservative group (they would have little to disagree about with Ronald Reagan) pushing for the adoption of a new State Platform. At the time of this writing, they have a very good chance of being successful. In amongst all the typical liberal verbiage in this document, there are commitments to sell off all public roads, water, and rail transport to private enterprise, to give "favourable consideration" to the construction and operation of private enterprise toll roads, and to sell off local government capital equipment and instead sub-contract capital works.

While this is obviously not enough, it does indicate that the process of stealing the more acceptable libertarian proposals of the Workers Party has begun. I might add that it really is most surprising to see this conservative group proposing even these policies.

WORKERS PARTY

The Workers Party itself has had a mixed year. Difficulties about the name of the party and a rigid constitution that virtually made the name impossible to change caused party members in NSW, Queensland, Northern Territory and West Australia to resign from the WP and form a new party called the Progress Party. This changeover was accomplished without any difficulty in these states.

Each state division of the Progress Party is completely autonomous, and there is cooperation without affiliation at the federal level—a decentralization of control that is in keeping with libertarian principles of organization anyway. The platforms of the various state divisions vary to some extent, but do follow the basic form of the WP platform—the main motivation for change being a desire to include more argument and specific policies in the platform, rather than just having it as a bare statement of a position.

The original WP now only exists in an active form in South Australia, where it has had a very spirited year pursuing a policy of making news and points of principle by acts of civil disobedience. They have gained enormous amounts of publicity by making public issues out of such things as compulsory seat belt laws, registration of hypno-therapists, State control of doctors' fees and bread price-fixing. Members have publicly disobeyed the laws, refused to pay fines, and have taken their cases to court—with a fair degree of success.

State elections coming up soon in South Australia will show how successful this tactic is in generating public understanding and support. There is a chance that this type of activity could be viewed by the overwhelming majority of the people as the work of a ratbag, lunatic fringe, in which case as a political tactic it is counterproductive. Hopefully this will not be the case and instead the activity of the hard-working and extremely dedicated members of the South Australian WP will be rewarded with a good show of public support.

The relationship between the WP and the various PPs has been a little unfortunate. The WP runs perilously close to being what Murray Rothbard calls "left sectarian," whilst the PPs could be accused of the opposite sin of "right opportunism." This situation has arisen because of the acute scarcity of mature, educated libertarians. The WP people tend to have the religious zeal of the newly converted, and the PP people tend to be dominated by the "realists" who have a gut level understanding of the philosophy, not much time for fine theoretical detail, and above all, a desire for quick results.

The PPs in Queensland and the Northern Territory are very active, however, and are increasing membership and getting a lot of publicity. An election coming up soon in the NT could well see the best results yet. The NSW PP seems to have followed the path of the FLP of New York, and is now fighting for survival.

OTHER ACTIVITIES

One of the results of the divisions that have occurred between and within these parties is that there has been a movement of libertarians into other activities so as to get away from the hassles of politics. The most important development in this regard has been the continued growth of Greg Lindsay's Centre for Independent Studies. As well as having Murray Rothbard and Professor F.A. Hayek on its Academic Board of Advisors, the Centre has acquired the services of at least eight local academics (which for us is a flood of talent!), including economists Sudha Shenoy, Naomi Moldofsky and Lee Eckermann, and philosophers Moshe Kroy and Lachlan Chipman.

The most ambitious undertaking of CIS so far was a weekend seminar titled

"Man, Economy and State," at which the above-mentioned academics presented papers. The seminar was very successful, well attended and an immensely satisfying experience—particularly for those who have been active libertarians through the previous lean years. People came to the seminar from all over Australia, as well as from New Zealand. More than anything else, I think the development of CIS indicates that libertarianism is here to stay.

Another offshoot of the political activity was the formation of a Libertarian Dinner Club here in Sydney. Four dinners have been held so far, with attendances increasing each time to the most recent mark of 62 people. These have been surprisingly successful events in terms of attendance, and this is in no small part due to the high caliber of speakers that the Club has been fortunate enough to obtain—namely, Sudha Shenoy, British Labor MP Stephen Haseler, Professor Lachlan Chipman, and monetarist economist Professor David Laidler.

On another front, Duncan Yuille is continuing to build up his very valuable book service, and has had many successful showings of the films, "The Incredible Bread Machine" and "Adam Smith."

A notable conversion to a hard libertarian position (and a recruit for CIS) is Peter Samuel, the star journalist of Australia's only national current affairs magazine, *The Bulletin*. This magazine outsells *Newsweek* almost two to one, and is getting close to equaling the Australian circulation of *Time* so its influence is not insignificant.

Coincidentally, as I happen to be working as a copywriter for the advertising agency with *The Bulletin* account, I get to write the television advertisements for most of Peter Samuel's lead articles. As he has recently written strong articles on the tax system, the education system (twice), the Labor Party, and the cost of government, you can imagine what a nice task it is.

At the time of this writing, the first Australian libertarian book to be published by a major publisher this century is rolling off the presses. Called *Rip Van Australia*, it was written by John Singleton (founding chairman of the WP) and myself. This collaboration was made simple by the fact that the book is written in the style of Robert Townsend's *Up the Organization*—that is, a whole series of variable length essays on a range of topics listed in alphabetical order. The book covers over 100 topics in essays ranging from a single line to many pages in length. Because John Singleton, as Australia's best known and most controversial advertising man, has attained the position of a national celebrity here, the book should get enormous publicity, and it will be interesting to see just what effect it has.

The past year, then, may not have seen any great leaps forward, but it has seen some very useful consolidation.

Bob Howard

washington watch

Airline Regulatory Reform

The Kennedy-Cannon proposal for limited regulatory reform has been the subject of intense lobbying and controversies over just how much to water it down (even further). The Senate Commerce Committee was expected to produce a committee version for consideration by the full Senate before the August recess (excuse me, the Newspeak term is "District Work Period"). But the recess came without a committee bill passed, and it now appears that it will be late September or even October before the Commerce Committee can get its act together.

This does mean that letters to Senators, especially members of the Commerce Committee, are still very important. Commerce Committee members who seem to need to hear from pro-reform constituents include Zorinsky (D-NE), Melcher (D-MT), Danforth (R-MO), Goldwater (yes!), Durkin (D-NH) and Stevenson (D-IL). You may address letters to Senators c/o the U.S. Senate, Washington, D.C. 20510.

When (and if) the Senate acts on airline regulatory reform, the stage will shift to the House. Here the key person is Rep. Glenn Anderson (D-CA), chairman of the House Aviation Subcommittee (of the Commerce Committee). He has been committed to introducing a reform proposal along the lines of either the Senate or administration proposals, but for various reasons seems to be dragging his feet. In addition there seem to be differences between Anderson and Transportation Secretary Brock Adams (the differences are largely personal rather than political, but they can affect policy). He will undoubtedly need some prodding. Letters to him and to your own Congressman may go to U.S. House of Representatives, Washington, D.C. 20515.

Surface Transportation Regulation

Most observers agree that the tussle over airline regulatory reform is a preliminary skirmish in what may be a longer and more serious battle over reform of surface transportation regulation, the province of the notorious Interstate Commerce Commission. If airline reform passes, there may be momentum for I.C.C. reform. If not....

Some preliminaries are now occurring within the Administration over this issue. Transportation Sec. Brock Adams seems to favor the approach of giving the I.C.C. the opportunity to "reform" itself from within rather than asking for legislation which might reconstitute the I.C.C.'s mandate. This would be an illusory and disastrous course. Adams is not exactly a gung-ho deregulator. He will need some pressure from various sources to move towards reform, just as he needed on the airline issue.

Letters to Brock Adams urging that he back legislative proposals to reform (or abolish) the I.C.C. just might have an effect. At least they couldn't hurt. If you want to talk his language a bit, you might suggest that the I.C.C. be given a time limit for internal reform, and if they don't meet the deadline the Department of Transportation should move for legislative reform. Letters may be sent to Brock Adams, Secretary Dept. of Transportation, 400 Seventh St., S.W., Washington, D.C. 20590.

Public Financing of Politicians

With the successful filibuster in the Senate, public financing of political election campaigns appears to be a dead issue for this session of Congress, though it will probably surface again. If you can bring yourself to write a letter of congratulations or thanks to a politician, the following Senators might be likely recipients: Heinz (R-PA), Schweiker (R-PA), Hollings (D-SC), Chafee (R-RI), Danforth (R-MO), Hathaway, (D-ME), Morgan (D-NC), Roth (R-DE), Sparkman (D-AL) and Bentsen (D-TX). All these Senators stayed firm in their opposition to closing debate on the public financing bill and thus (almost certainly) insuring passage of the legislation. These are the Senators whose votes were in question by both proponents and opponents of public financing. They stayed with the good

guys, and it might be appropriate to let them know that we appreciate it (and that we are watching what they do very carefully.)

Investigate the S.E.C.

A campaign to urge Congress to investigate the Securities and Exchange Commission, in light of the agency's continual violation of civil liberties (see article by Monroe Freedman in *Barron's*, 2/21/77 and 2/28/77, and in REASON, 2/75) seems to be making little, if any headway. Letters to Sen. Harrison Williams (D-NJ) or to Rep. Jack Brooks, chairman of the House Government Operations Committee, might be helpful.

Victim Compensation May Still Pass

H.R. 7010, which would institute a federal program to subsidize state governments which develop a system of having taxpayers compensate victims of crime—a concept which would undermine promising experiments in restitution—seems to have fallen victim to the House's need to deal with energy legislation and appropriations bills. It has been scheduled for consideration several times and postponed for lack of time. It is uncertain whether or not it will be brought to a vote during this session of Congress. Letters to your representative in opposition to H.R. 7010 might help delay consideration indefinitely.

Energy Legislation

Congress seems intent on instituting domestic fascism through energy regulation. Deregulation of natural gas prices, a bellwether issue, failed in the House. It will probably be brought up again in the Senate, so letters to your Senators in favor of deregulation might be helpful. Rep. Bob Krueger (D-TX), the most aggressive proponent of gas price deregulation, feels that it lost not so much because the Congressmen were personally opposed to deregulation as because they feared letting prices rise would hurt their re-election chances next year. Perhaps if enough Senators hear from pro-deregulation constituents they might reassess the political implications of a vote for deregulation.

Equal Time?

During consideration of the Carter energy package by the House, the National Taxpayers Union developed a series of radio ads in opposition to the Carter proposals. When they went to radio stations, the all-news stations turned them down. It seems that WTOP has recently been ordered to run pro-divestiture ads free (and do the production work as well) by the FCC, because they had run paid ads by oil companies which extolled the virtues of the present system ("aren't you glad we're looking out for you from oil well to gas pump?"). Then the oil companies slapped a suit on them when they started to run the pro-divestiture ads. The radio stations decided they would stop accepting ads which were remotely controversial, especially in the field of energy.

Let's see, the Equal Time provision was supposed to insure that all sides of controversial issues would have an opportunity to be heard on the "public" airwaves, wasn't it?

Alan Bock

spotlight

"I'm Freddy—Fly Me"

On September 26, a dream will come true for Frederick A. Laker. The gregarious, outspoken entrepreneur from Great Britain will begin operations of his much heralded "Skytrain," the first regular low cost jet service across the Atlantic.

It has been neither an easy nor a complete victory. Since 1972, when he first proposed cutting transatlantic airfares by about half, Laker has been whipsawed by government agencies determined to protect large airlines from competition. First the United States, and then Great Britain, reneged on agreements to permit his service to start.

In a refreshing departure from other attempts to upset the airline cartel, however, Laker Airways has prevailed over its adversaries. President Carter signed an agreement in June that authorizes Skytrain to begin daily service between New York and London, on a one year trial basis.

The success of his campaign to bring low fares to the "Forgotten Man"—those who cannot now afford air travel—owes much to Laker's personality, which is freewheeling and independent. Like many 19th century capitalists, respect for traditions has never been Laker's strong suit.

Laker was born in Canterbury, England in 1922, in a household whose

Freddy Laker

father had abandoned the family. His years in school were distinguished in only one respect. "I was a total nonentity at Simon Langton," he smiles, "the biggest bloody dunce in the school. I hold a record there: on the day I left, I was caned seven times on my behind. The headmaster, knowing I was leaving, said, 'This is the happiest day of my life.'"

The unpromising beginnings did not dim Laker's initiative. After leaving school at 16, he became intrigued by airplanes. He took a job as a floor sweeper and tea server at an aviation plant, quickly gaining a familiarity with aircraft that would help him land a wartime job with the Royal Air Force as a pilot and ground engineer.

Laker's talent as an entrepreneur became apparent soon after the war, when he parlayed his own and his mother's savings into a small fortune through shrewd investment in war surplus equipment. His investment advice to friends brought him more than gratitude; one night in a bar, an appreciative associate wrote him a check for the equivalent of about $100,000 to finance purchase of a fleet of second-hand planes.

The planes made possible Laker's first million dollar enterprise. The advent of the Berlin airlift kept his planes flying virtually nonstop, providing him with the cash to purchase 100 more aircraft and 6000 engines, which he sold at a substantial profit. Laker became rich enough before he turned 30 to indulge an expensive habit—buying a new Rolls Royce each year.

During the 1950's, Laker expanded his enterprises into a charter passenger service, and design of air freight carriers. He was the obvious candidate to manage

British United Airways, the largest private airline in the country, when it was formed by merger in 1958. Laker ran the airline at a profit for each of the seven years he spent there.

In 1965, Laker perceived an opportunity that had gone ignored before. Package tour promoters at the time lacked a way to offer low-fare vacations to air travellers in the off season. Laker's innovation—now in use throughout the industry—was to lease his charter aircraft to the tour agencies on a yearly basis. His idea launched his newly formed company, Laker Airways, into a top spot among charter carriers. The company has since won a reputation for outstanding management, and for good natured spoofs of the industry. Laker has on occasion sported a sign reading, "Fly Me—I'm Freddy."

By the early 1970's, Laker had spied another market: the highly profitable transatlantic passenger routes. In the view of IATA, the international airline cartel, a maverick carrier like Laker Airways would wreak havoc if allowed to compete with its members. Former President Richard Nixon, determined to protect American carriers from such a fate, stalled Laker's proposals to offer a $90 fare for regularly scheduled, no reservation flights.

Laker was infuriated. He had managed to win the approval of the British government for his proposal, which obligated the United States by treaty to approve it. By the time President Gerald Ford was ready to move ahead on the plan, the tables had switched again. The new Labor government in Britain revoked approval for Skytrain in fear that it would erode the earnings of the shaky state airline, British Airways. Not surprisingly, the experience left Laker feeling burned. "Not only is IATA a farce, but also the CAB (Civil Aeronautics Board) and the CAA (Britain's Civil Aviation Authority)," he says, "because none of those people are willing to honor the basic principles of democracy."

The picture finally changed in his favor during recent months. The British government became convinced that Skytrain would bring needed tourist dollars into the economy. President Carter, who had called for more competition in air travel during his election campaign, approved a one-year trial for the service. Fares will be $135 from New York to London—and American carriers, which once issued protests at the price, are rushing to follow suit.

Despite his success in battling the regulators, Laker has some sober words. His 345 passenger DC-10s will be forced by the terms of the agreement to fly about half empty during winter months. "What an indictment of free enterprise when they tell you you have to control the people who fly," he says. The agreement signed by Carter in June holds the company a "virtual hostage" for the trial period of one year. "It is a most disgraceful document produced by a country that prides itself on free enterprise," Laker adds. "...Experience has taught me that the U.S. government believes in competition, provided there isn't any."

Yet opening the airline cartel—if only partially and for one year—seems likely to produce incontrovertible evidence of the merits of competition. For those who welcome the gifts of capitalism to the "Forgotten Man" that Laker likes to champion, the contributions of an enterprising Englishman will be remembered for a long time. ◻

Readers are invited to nominate persons to appear in this column. Send details to Spotlight, REASON, Box 40105, Santa Barbara, CA 93103.

books

Playing the Price Controls Game

by Mark Skousen
New Rochelle, N.Y.: Arlington House. 1977. 254 pp. $9.95

How You Can Profit from the Coming Price Controls

by Gary North
Annandale, Va: Loopholes Press. 1977. 102 pp. $10 (paper)

Reviewed by Dennis Turner

Harry Browne was the founder of the doom-and-gloom investment book tradition among hard money conservatives and libertarians. From 1970 to 1973 numerous books appeared preaching depression and monetary crisis and the market for such books was quickly saturated. Each new book, copying the Harry Browne tradition (buy gold, buy silver, buy Swiss francs), sold fewer copies.

Striking out for richer fields, the doom-and-gloom tradition has broadened its appeal. We now have two books purporting to tell us the inside secrets of profiting from the price controls both authors say will surely come. There is little doubt in my mind, or probably in the minds of most readers of REASON, that price controls will sooner or later be imposed again. The question is whether or not either of these books will lead the reader to profit.

Mark Skousen's *Playing The Price Control Game* is a hardcover book in Arlington House's Dollar Growth Library series. Although it is competently written, many dozens of pages go by before Skousen provides the slightest hint of *what to do* about price controls. We read a history of Hammurabi's price controls, how the controls failed, and how they distort the economy. We read more detailed accounts of price controls in the United States, from the Civil War through WW I, the biggie in WW II, the Korean War, and finally, the Nixon controls. Everything points to distortion of the economy, widespread evasion, and lackadaisical enforcement.

Dispersed throughout the first several chapters are economists' charts showing how price controls cause shortages. Everything so far is familiar and well known—also available in the *Wall Street Journal*. We have now read to page 145. Other than information almost all REASON subscribers already know, the book includes some interesting case studies, thoughts of price-control enforcers, and tales of counterfeiting. The means of evasion so far discussed include tie-in sales agreements (I'll sell you 10 gallons of gasoline at controlled prices if you buy my dog for $5), outright evasion, registering for coupons at more than one place.

In chapter seven we learn that the first goods to be in short supply will be high-volume, low-markup items, while high-markup items, mainly luxury goods, will remain in production. What should we do? Keep some cash on hand, learn how to maintain and fix our car, stock up on auto parts, buy an automobile with good gas mileage, and stock up on food. We should become familiar with barter and make good personal contacts among those with whom we may wish to trade. Needless to say, we should also stock up on gold and silver coins. Skousen also tells us how to take advantage of exempt markets, such as foreign products, auctions, and damaged and used goods. Have we really been told anything new?.

Next, we learn how to avoid wage controls as workers. It is suggested that we go into the repair trade, because under controls there will be a shortage of new appli-

ances and spare parts. With astounding insight, Skousen also suggests we moonlight to supplement our income. Believe it or not, we are now at page 178.

In chapter nine, businessmen learn to stock up on supplies which may be in short supply under controls; to raise their prices as high as possible now, giving discounts; to discontinue the production of low-profit or no-profit items; to reduce quality; to produce "new" products exempt from controls based on historical prices; and to engage in paper transactions with friendly companies to increase the gross of both firms, permitting higher profits under profit-margin controls.

The next chapter offers similar items for landlords. Finally, chapter eleven, "The Investor Faces Price Controls." This is, of course, the topic for which most people bought the book. We should sell stock short, because large corporations will be hurt. Perhaps buy some put options, although no specific industries or stocks are recommended for this activity. No timing procedure is discussed. We should avoid long-term bonds. Needless to say, we should buy gold and silver, although the author includes a perfunctory caveat. Collectibles, coins, and diamonds are in. And that's it.

The last chapter discusses the black market, although there is nothing specific. It is mostly a discussion of past black markets, with mention of some people making fortunes in steel and petrochemicals. But no information on how to enter the markets is provided.

Gary North's book is very similar, even discussing the topics in almost the same order. In fact, North suggests buying Skousen's book, while Skousen suggests subscribing to North's newsletter.

There is a difference in tone between the two books, however. While Skousen attempts a scholarly approach, North sounds like a minister preaching hellfire and damnation. We will have price controls, and they will be bad. He preaches total ruination of Western civilization, the breakdown of trade and authority, roving packs of looters, and the need for a retreat, self-sufficiency, and a return to small communities. His writing is more fact-laden than Skousen's and far more interesting.

North predicts the controls will be all-encompassing, that pensions and social security will go bust, that annuity payments will cease, and that the banking system will fold. Doom and Gloom all the way. He is also the superior economist of the two, by far. Where Skousen talks of profiting during the controls, North sees it as surviving "on the other side of disaster." He speaks of feudalization of the economy, barter exchange, and religion.

On barter, Mr. North suggests that "closed markets subsidize those who have already entered them," a good point. Whatever barter or blackmarket activity you wish to engage in, you should become familiar with it before the inevitable catastrophe. Again, he suggests dealing in second-hand goods, junk, and repairs, as well as taking a second job. He has a whole chapter on automobile maintenance, going into great detail on tune ups, repairs, and spare parts. Lastly, being a true retreatist, he suggests buying guns and dehydrated foods.

The emphasis of both books is not really on *profiting* from price controls, but on surviving a complete collapse of society.

The problem with both is that other than gold, silver, and Swiss francs there is no practical advice on entrepreneurial profit. How does one make big money in petrochemical black markets that will arise with price controls? Which goods for speculation should the public stock up on? How to sell them without getting caught? What specific foreign currency should be bought? When? And how much should the buyer expect the price to rise? How does one make money in black-market gasoline—or anything else for that matter? Specifically, what should one do in the futures markets? Questions of this type go unanswered.

If you wish a history of price controls and some educated guesses on what form they will take the next time around, the first book is worthwhile. If you wish to learn that auto repairs will be hard to get, that spare parts should be stocked, that dehydrated food should be hoarded, buy either of the books. But if you wish sound speculative advice, including entry into black or grey markets, neither book will satisfy you. ◻

Dennis Turner is a commodity trader, and his most recent book is Trading Silver Profitably.

Come Live My Life

by Robert H. Rimmer
New York: New American Library. 1977. 409 pp. $2.25 (paper)

Reviewed by Robert Poole, Jr.

Robert Rimmer is perhaps America's leading critic of contemporary marriage and sexual mores. His target, needless to say, is a worthy one. With nearly 50 percent of American marriages ending in divorce and with millions of singles seeking (but rarely finding) happiness in swinging, singles bars, short-term living together, or solitude, it seems clear that our present approaches to sex and marriage are not very successful.

Rimmer asks fundamental questions about these institutions. Can one person really be expected to fulfill all the emotional, intellectual, and sexual needs of another for an entire lifetime? Especially in today's world of vastly increased knowledge, opportunities, and mobility—not to mention sexual equality. Rimmer's answer is a resounding "No." On the other hand, he sees great value in marriage as a social institution—a source of stability and security for the partners and a good environment in which to raise children. Above all, marriage can provide the environment in which a truly mature, fulfilling kind of love can flourish. The absence of this kind of love from most of today's "liberated" sexual lifestyles is one of Rimmer's principal concerns.

The challenge thus becomes: How to rescue marriage from conventional monogamy? Over the past 13 years Rimmer has presented various fictional answers to this challenge. Open, nonpossessive premarital sexual experiences formed the basis of unique college environments in *The Harrad Experiment* and, more recently, *The Premar Experiments*. One of his earliest novels, *The Rebellion of Yale Marratt*, presented a working form of bigamy. In *Proposition 31* two families form a corporate marriage, while in *Thursday, My Love* a married man and a married woman develop a "synergamous" relationship alongside their marriages. Now, in *Come Live My Life* Rimmer puts forth the concept of LovXchange—experimental two-week encounters in which married couples change partners and live each others' lives.

Rimmer's books have long been of interest to libertarians because of their positive, benevolent sense of life. Story lines that could, in the hands of a lesser writer, turn into cheap sensationalism, in Rimmer's hands live up to their potential as honest explorations of new dimensions of human relationships. Though Rimmer's protagonists are always fallible, believable human beings, they have a capacity for goodness, openness, and self-awareness seldom found in today's fictional characters.

Rimmer's popularity among libertarians led to REASON's December 1971 interview with him ("The Future of Marriage: An Interview with Robert Rimmer"). At that time Rimmer was familiar with Ayn Rand's works and acknowledged his popularity with her readers. Up until then, however, he was apparently unaware of the libertarian *movement* and the whole range of other libertarian thinkers. No longer. A REASON subscriber since the interview, Rimmer has in

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movies

The Sorcerer • Exorcist II: The Heretic • A Bridge Too Far • Short Takes

• When *The Wages of Fear* (*La Salaire du Peur*) was made in France in 1953 by the great French director Henri Clouzot, it was one of the most stunning suspense thrillers ever made. The first hour was devoted to building up the characterization (four desperate men from various countries) and the atmosphere (the torpor of a hot and squalid Central American jungle village), and the two other hours were filled with spine-tingling suspense as two trucks loaded with nitroglycerin traveled over disused jungle roads to put an end to an oil fire 200 miles away.

THE SORCERER is a "remake" of the earlier French film, and it captures some of the atmosphere and relates many of the same incidents. Though it is handled by a very competent American director, William Friedkin, it lacks most of the raw power and searing intensity of the original —though it is still worth seeing.

There are many reasons for the difference. Space permits me just one example: in the original, after one of the two trucks has narrowly escaped destruction off a mountain precipice, our attention turns to the second truck. After a huge fallen tree that blocks the road has been blasted away with nitroglycerin, the two men in the truck are singing in celebration of their latest victory over nature, when an explosion is faintly heard in the distance—the other truck has exploded and killed both occupants. We have expected and dreaded such an event a dozen times before, but it didn't happen; now it happens unexpectedly, just when the audience's attention has been distracted from the fate of that truck's occupants. The psychological impact of the incident is shattering—particularly since we have come to know and empathize with the two riders, through careful characterization and bits of self-revelation, and we now feel the full impact of their sudden and meaningless destruction.

In the new version, the truck simply rolls off the road and explodes. Without proper buildup or context, the psychological impact is largely lost.

The making of good suspense films depends on the careful placement of a thousand details like this, requiring both a depth of psychological insight and an uncanny sense of timing—which is why the original film is a near-miracle of growing involvement and almost unbearable suspense, whereas the present version misses its potential impact because it is largely a delineation of external events. Will the makers of remakes never learn from their betters?

—John Hospers

• The fate of sequels to successful Hollywood motion pictures is not a happy one. Whether **EXORCIST II: THE HERETIC** will be as successful at the box-office as it predecessor is difficult to say (it probably won't be); one can say only that it doesn't deserve to be.

Films dealing with the macabre and the supernatural have been in high fashion the last few years. Almost all of them are sheer trash: e.g., *Carrie, Audrey Rose, The Sentinel,* etc. etc. What distinquished the original *Exorcist* of a couple of years ago was that it was a brilliant intellectual exercise in the successive elimination of alternative hypotheses: every time the viewer concluded that this or that (psychosis, brain damage) was a plausible explanation for the extraordinary events depicted on the screen, the new alternative was closed off by some dramatic development, until at last only one alternative remained: the literal habitation of an individual by a demonic force with evil supernatural powers. Many viewers didn't for a minute believe in the truth of this hypothesis, but the challenge, the battle of wits between the viewer and the film as its story unfolded, was a refreshing and stimulating change in film fare. The pattern of action, however repellent to some viewers, remained rigorously clear and sharp, thanks largely to the clarity of vision of director William Friedkin.

All that needs to be said about *Exorcist II*, which Friedkin did not direct, is that it almost succeeds in descending to the level of *Exorcist I*'s trashy imitations. Unfocused and unguided by the directorial powers of its predecessor, even the actors in this sequel seem to sense that in the absence of discipline, all is mush.

—J.H.

• **A BRIDGE TOO FAR**'s account of the Allied invasion of German-occupied Europe in the vicinity of Arnhem, Holland, in September of 1944, is a kind of companion piece to *The Longest Day*, about the Allied invasion of Normandy in June of 1944, which was filmed about 15 years ago. The Arnhem incident is less well known today to the general public, but was also a complex logistical operation, and the opportunity to portray a gruesome amount of casualties is equally present (and used) in both.

There are other similarities. Both films attempt to be historically accurate, down to comparatively small details. Both use famous actors in bit parts, thus largely wasting their talents; *A Bridge Too Far* has Robert Redford, Laurence Olivier, Liv Ullman, James Caan, and many other million-dollar-a-film actors in parts that call for only a few lines. (As a result, both films were extraordinarily expensive to make—in the case of *BTF*, $30 million.) Both films are "fair to the other side," no longer portraying all Germans as inveterate villains. Since both films give accounts of large-scale military operations, the action is so dispersed that the progress of events is somewhat hard to follow, and as a result it lacks in dramatic force. The scene constantly shifts from one location to another, and though the particular incident may be clearly portrayed, its relation to the whole operation is often quite obscure, thus frustrating the viewer who desires a clear clean story line. This feature is particularly evident in *A Bridge Too Far; The Longest Day* succeeded somewhat better in giving a sense of the whole.

Both films convey a sense of the horror of war, from viewing those horrors firsthand and without false heroics. But in *A Bridge Too Far* there is an additional twist. There is left a distinct impression that the military brass purposely engineered an operation that they had good reason to believe would result in defeat (thus fanning the current dislike of the military). But this impression is largely mistaken: those who planned the Arnhem operation had no way of knowing that at that very time and place there were crack Panzer divisions "resting" for a military confrontation that they thought would take place elsewhere, and whose presence at the wrong place at the wrong time (from the Allied point of view) largely sealed the fate of the whole enterprise. (This fact is mentioned in the film, but the opposite impression is nevertheless created.) An attempt to ride a current popularity wave is thus gained at the expense of accuracy. In this respect *The Longest Day* was more objective: it took no sides, and pretty much let the historical story tell itself. *A Bridge Too Far*, which was on the whole competently directed by the fine British actor Richard Attenborough, would have done better to stick to the same ideal of total accuracy without trying to play to the galleries.

—J.H.

● **THE LITTLE GIRL THAT LIVES DOWN THE LANE** is an interesting and diabolical character, to say the least. But the film does not go in for mysticism or supernaturalism, and is a neat little suspense thriller on a very minor scale. If you want to have one cinematic version of what little girls are capable of, you might enjoy this film, if you have nothing better to do to while away an evening.

—J.H.

● **CHAC, THE GOD OF RAIN** will probably not be shown at many American theaters. This is unfortunate, for it is a beautiful and moving film, shot in the jungles and mountains of Panama with the Mayan Indians of Panama as the (totally authentic) actors. You may first have to engage in a "willing suspension of disbelief," accepting for the duration of the film the supernatural origin of natural phenomena; the point is to make you see reality from the point of view of the native Indians. The people and their beliefs may be primitive (though fascinating), but the color photography, the direction, and the ascending pace and dramatic sweep of the picture certainly are not. The human drama and the splendid scenic background combine to make this an engrossing and eloquent film.

—J.H.

money

Support Your Local Counterfeiter

The great advance of western political philosophy, at least since the time of Vlad the Impaler, has been the acceptance of the notion that society is better off being oppressed by a single great criminal so powerful he cannot be resisted, than to be oppressed by a normal assortment of petty crooks who could be kept off with a vicious dog.

In economic matters this has led us to accept the notion that the offense of counterfeiting is committed only by the emission of worthless currency by a private person. Each element of the offense must be proved, and if the rascal can convince a jury that he is a public entity (i.e., a duly-annointed criminal monopolist) then they are bound to acquit, no matter how grevious his mischief.

Of course, since as von Mises tells us, money is anything merchants will accept as money, there is no reason you can't have private persons issuing their own banknotes at whatever the market will value them. This was done rather extensively during the 19th century, both here and abroad. Outside of the United States the best known of these were the Scottish banks, whose sound management of private money is credited with the industrialization of that otherwise very unpromising country.

The variety of private note issue did not, as the running dog apologists for statism assert, result in economic chaos. Since most people are fairly competent in handling their own affairs, they had no unusual difficulty sorting out good credit bank notes from the dubious issues, discounting the various private bank issues along a market price continuum, just as we today value corporate securities, private mortgages, commodities, etc., through the free market's marvelous price mechanism.

But since one thing leads to another, the State's monopoly on counterfeiting has been extended to cover the issuance of good bank notes as well as bogus ones.

For good measure the State, through the Legal Tender Act, *requires* that the people accept its monopoly money (the pun was unintended) so that we now find that the occasional losses suffered by private note holders during all the "bad old days" of free note issue pale to insignificance beside the annual losses forced upon people by the State monopoly money.

But monopolies, as we know, are very hard to maintain. In the free market they are entirely unstable and invariably short-lived. They are maintainable for any time only with legal protection, and even then it requires constant recourse to the gendarmes to prop them up against the inexorable force of rational self interest.

The State's monopoly on the issue of bogus money is no exception.

As all of us who grew up listening to "The F.B.I. in Peace and War" on our Atwater-Kent know, the feds will swoop in through the kitchen window with tommy guns at the ready if you so much as try to take a wax rubbing of a dollar bill. (Substitute Efrem Zimbalist, Jr. and silly putty if you're younger; the idea is the same.)

A couple of times a year you will see stories in the newspaper of the feds busting a counterfeiting ring. The story will usually explain that the bills can be spotted by the fact that the picture of Hamilton is upside down, or some such clue for the sharp-eyed.

An interesting observation on all this was made by a friend in the printing business who remarked that you never hear about a counterfeiting scheme that involved anything near the state of the printing art. New presses and techniques can do marvelous work, and the equipment is widely available, but you only hear about counterfeiters who have been using old Xerox machines and magic markers.

From this my friend concluded that either (1) anyone who has access to good printing equipment is incapable of contemplating counterfeiting or, (2) there may be a lot of funny money in circulation.

The government hasn't helped the situation by the deterioration in the quality of its own product. (Of course I might be wrong about this; I have just assumed all the bad printing I have seen was Treasury work—maybe it wasn't.) For another, citizens are not encouraged to report dubious money they find in their change. If they're lucky the government simply seizes the notes and they are out the money. If they're unlucky they may have some long ego-threatening talks with gimlet-eyed T-men.

Of course, there could be counterfeiting even in a free market. In Scotland, for example, if a customer brought in a bogus note, the bankers would give him a new one and apologize for the inconvenience. At the same time in England, where there was a State monopoly on note issue, possession of a counterfeit note was a hanging offense.

* * *

But a fresh breeze blows. *Uberwirtschafter* F.A. Hayek, who formerly defended the notion that government had a legitimate function in the provision of money, has now recanted and announced that money should be a wholly private enterprise.

Hayek's conversion is welcome not only because it is always gratifying to see truth received but as well because it is one more case refuted of the claim that we must have a State—an institution of coercion against peaceful persons—in order for society to function. In this sense the argument for private money is like the argument for private roads and schools and courts. By showing people that the State is unnecessary for some heretofore-thought-essential social function, you show that the burdens of supporting this great criminal are not man's inexorable lot.

Davis E. Keeler

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publisher's notes

•NEW FILM PLANNED

The people who gave the world the widely acclaimed film *The Incredible Bread Machine* are at it again. Campus Studies Institute is about to begin production of a film about a space colony that serves the world market for energy and other essentials. The film's purpose: to illustrate the idea that a free market economy is neither unjust nor inhumane, but on the contrary, highly moral, fair and humane, when compared to a planned economy and bureaucratic controls in the marketplace. CSI intends the film to be positive—entertaining and informative and a bit outrageous, satirical, and whimsical.

Production was scheduled to be underway at press time, and to be completed by December. CSI is seeking contributions to cover production costs of $185,000. Tax-deductible contributions may be sent to Campus Studies Institute, 11722 Sorrento Valley Road, San Diego, CA 92121.

•COLUMNIST CHANGE

This month's issue marks the last Money column to be written by Davis Keeler. After 4-1/2 years, Dave's interest in the column has begun to give way to his extensive commitments on the Law and Liberty project, which he directs for the Institute for Humane Studies. We expect Dave will keep us posted on the accomplishments of that project, and look forward to occasional submissions from him on legal and economic topics.

Taking over the bimonthly column, beginning with the December issue, will be Mark Tier, editor of the *World Money Analyst* newsletter. Mr. Tier, originally from Australia, is a world traveler who now makes his home in Hong Kong. He is in the process of setting up the World Libertarian Society, an international organization for worldwide exchange of information on achieving freedom. ◻

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WHAT OTHER USE IS THERE?

books

Continued from p. 43.

the past five years steeped himself in writers such as Hayek, Hospers, and Nozick. As a result, *Come Live My Life* is at least as interesting for its political/economic ideas as for its explorations of human relationships.

The novel revolves around two couples: the Atwoods and the Silvermans. Charles Atwood is an entrepreneur and self-made millionaire—a man who has "made Hank Rearden and John Galt the models of his life." His opposite number is Mark Silverman, radical economics professor and admirer of John Rawl's redistributionist concept of justice. When Mark's wife Shari, a social worker with views similar to her husband's, spends two weeks as Charles' temporary wife (while Roberta Atwood does likewise with Mark), more than just emotional/sexual boundaries are being challenged.

Although Rimmer seems to identify more with Mark's humanistic outlook and lifestyle, his portrayal of Charles Atwood as a Randian industrialist is realistic and fair. Rimmer, after all, besides being a successful novelist, has also headed his own printing company and understands very well the role of the businessman in society. Further, for all of Mark's talk of remaking society, his ultimate vision seems to be of some sort of workers' capitalism, rather than state socialism. Indeed, one of the few points of Atwood-Silverman agreement is the growing menace of the State.

How Rimmer simultaneously resolves the personal and ideological conflicts among the four characters is left for the reader to discover. The solution, though not orthodox libertarianism, is certainly plausible and violates no libertarian canons.

All in all, this book is something of a milestone in the diffusion of libertarian ideas into our culture. How many other popular paperbacks—on every grocery and drugstore rack—can boast dialogue casually dropping names like Rand, Nozick, and Hospers and discussing the meaning of terms like "laissez faire" and "libertarian"? Not every supermarket purchaser will read on to the book's 23-page bibliography (which includes REASON), but many undoubtedly will. The philosophy of liberty is gaining a whole new audience. ◻

Editor Robert Poole has been a Rimmer fan since 1968.

LUCIFER'S LEXICON

by L.A. Rollins

anarchist, *n. One who advocates the separation of Existence and State.*

bilingual, *adj. Able to lie in two languages.*

narcotics control, *n. People control.*

national liberation, *n. Personal enslavement.*

nuclear holocaust, *n. A war to end all wars.*

police state, *n. Criminal regime.*

proofreader, *n. One who looks over printers' proofs and overlooks the errors in them.*

Watergate break-in, *n. A third-rate crime-of-the century.*

frontlines

Libertarian Party Convention

There was a time, as Murray Rothbard used to recall, when the entire libertarian movement could have had its annual convention in his living room. It was not that there were so few libertarians, but there was no focal agency for the political philosophy. During the days of July 12-17, 1977, in San Francisco over 1,000 people gathered for the 6th annual Libertarian Party convention. This was by far the largest and most financially successful convention held to date.

Whether, as libertarians, we agree that the Party is an important institution (my opinion), or that the only way effectively to work toward a minimal government is with the conservative wing of the Republican Party, or that the only "libertarian" political thing worth doing is to drop out and defend individually what we have left, the fact remains that the Libertarian Party has grown substantially in the past five years and is accumulating "name recognition" at an increasing rate.

Ed Crane introduces Murray Rothbard's keynote speech. Photo by Bruce Lagasse

Eric Garris, who was elected to the National Committee of the Libertarian Party at the convention, was responsible for public relations and media coverage. Daily, the newspapers and TV in San Francisco carried stories about the Party and the convention. There was often the overtone in the press coverage that the Libertarians are curious and not to be taken as too much of a threat to the status quo, but the reporters and TV cameras were on the

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floor of the convention throughout. The fact that libertarians can make themselves visible, but cannot automatically make themselves appear potent and important, is the most serious problem still to be overcome. The comment was made by one reporter at the 1976 convention that the Libertarian Party was the most intellectual collection of people ever seen at a political gathering. Indeed, the convention was an intellectual treat—but far too many of the people who came may not be politically effective in their own communities.

The new National Committee of the Libertarian Party is now much more heavily weighted with individuals who have political achievements to their credit. Prior to the MacBride campaign—which provided a nationwide test for the leaders of the Party, to put up or shut up—election to the committee was more of a status symbol and the real work of the Party was thrust onto the Chairman and the National Director. This has hopefully changed.

One very significant amendment to the Libertarian Party constitution and bylaws now requires the local Party organizations to sell memberships in the national party in order to earn their delegate strength at the 1979 national convention—where the candidate for President in 1980 will be nominated. The old system of relying on estimates of local party strength for the number of voting delegates to the convention has been abolished. The new system requires documentation in the form of payments and signatures on the pledge against initiation of force. Some of the "big states" have a job to attend to now, and something to worry about.

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TURNING POINT

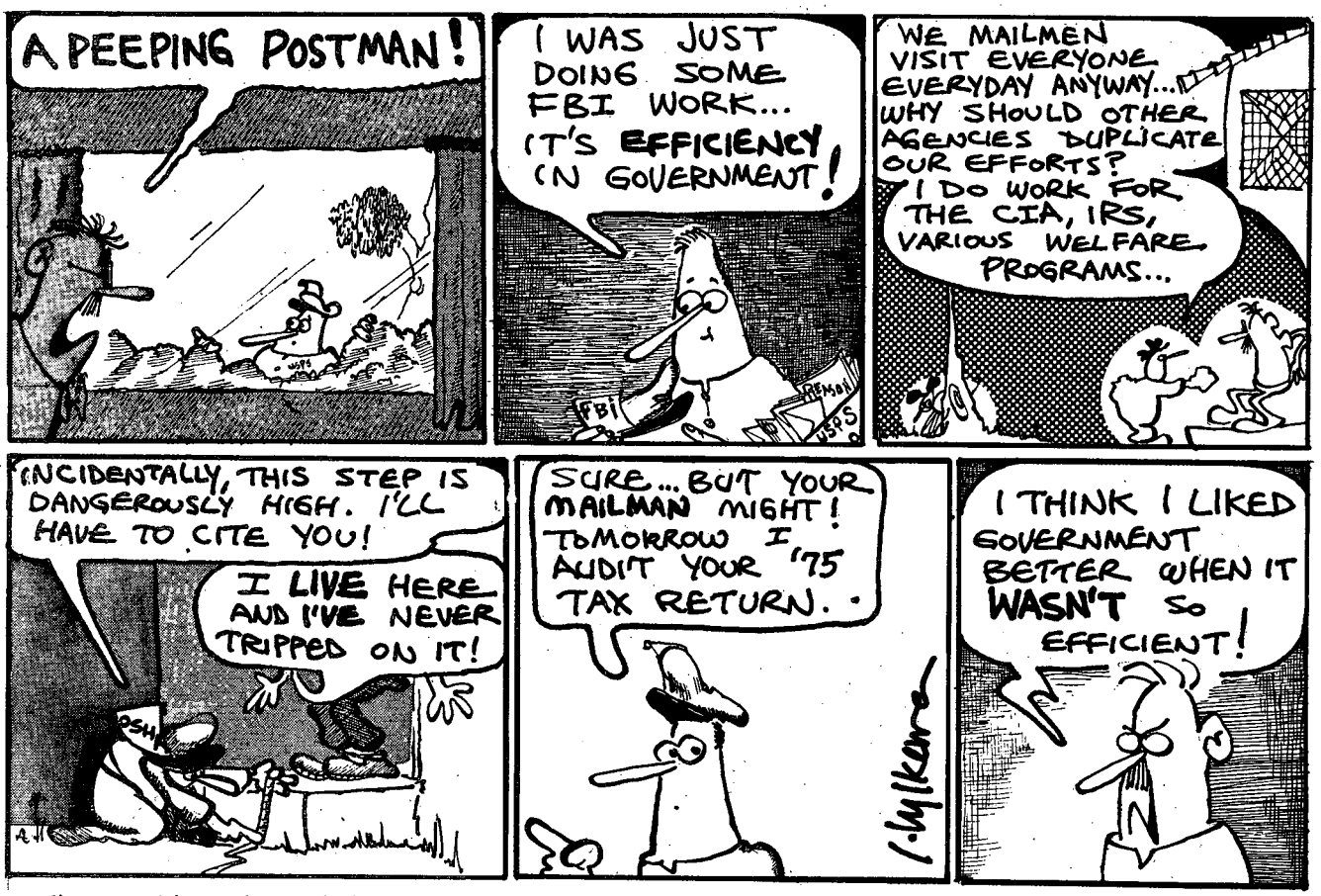
The theme of the convention was stated in the keynote speech by Murray Rothbard, in reference to the year 1777 which was the "turning point" in the first libertarian revolution. The Party has shown its colors with the 1976 Presidential campaign, and it is necessary now to demonstrate that libertarians intend to go on and take the powers of government out of the hands of interventionists. The next elections are all state and local. The immediate focus has to be on the grass roots.

The National Committee concerned itself at its meeting following the convention with the development of an introductory piece of literature suitable for use by the Young Libertarian Alliance chapters on college campuses. Most of the activists in the Libertarian Party seem to be in that category which includes students and ex-students who have not yet tied themselves down to the anxieties and problems of career and family. The theory is that if the Party is to grow rapidly, it must recruit workers who have available time and who don't yet have the problems of the average overtaxed citizen. Moreover, the idealistic vision of a libertarian society is better understood by young people—and too readily dismissed by cynical, "practical" types who have already settled down and given up.

The appearance of Eugene McCarthy and Timothy Leary at the convention was an interesting symbolic gesture. Leary gave a talk at a seminar, presenting himself as an advocate of the rights of individuals, although not as consistently libertarian as we would have liked. His inclusion in the program was a coup from the standpoint of public relations, however. He is a symbol of social laissez faire. Eugene McCarthy spoke at the banquet following Roger MacBride, as well as appearing with MacBride at a press conference the previous day. McCarthy's 1968 campaign more than his 1976 campaign was the symbolic factor from which the public image of the Libertarian Party will gain. His speech was an interesting presentation of attitudes—he praised the Party's stand against eminent domain as a violation of the rights of individuals, and he said nothing along the lines of an expanded welfare state. He clearly knew his

rudebarbs

by Randall K. Hylkema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I THINK I LIKED GOVERNMENT BETTER WHEN IT WASN'T SO EFFICIENT!
Hylkema

audience, and it was impressively large. The news media took excessive notice of McCarthy during his 1976 campaign, relative to MacBride's effort, and the symbolic bringing together of these memories in the minds of those who may remember is very important for the future of the Libertarian Party as the focal agency for political idealism.

The actual business sessions of the convention, amending the constitution and bylaws and revising the platform planks, were only a part of the action—and possibly not the best part at that. Carol Cunningham, who was re-elected to the National Committee, is to be praised for conceiving of a convention with a wide selection of seminars and workshops—so attractive, in fact, were the sideshows that the convention floor was always half empty. Of course, San Francisco itself lured many a delegate away from the hotel altogether.

In the city where gay rights are taken for granted, it was pleasing to many local visitors at the convention to realize that the Libertarian Party is genuinely tolerant of the rights of individuals to live their lives as they choose, and that the Party exemplifies this principle today, as Robert Nozick said it should when he addressed the 1975 convention. A resolution was adopted, upon motion made by Chairman David Bergland and seconded by Ralph Raico, Murray Rothbard, John Hospers, and Roger MacBride, to condemn the crusade of Anita Bryant against the rights of homosexuals to live and work in a community on equal terms with heterosexuals. The resolution made clear, of course, that the Libertarian Party opposes the use of forced association laws, but the important issue is the condemnation of the bigoted social conservative movement which is still a major political force in the United States.

Joe Cobb

This column is concerned with an analysis of activities on the "frontlines" of the battle of political principles, and with news about people who are active in the struggle. We appreciate news and ideas from readers. Please send materials to Joe Cobb, Box 1776, Chicago, IL 60690 for consideration and use in FRONTLINES.

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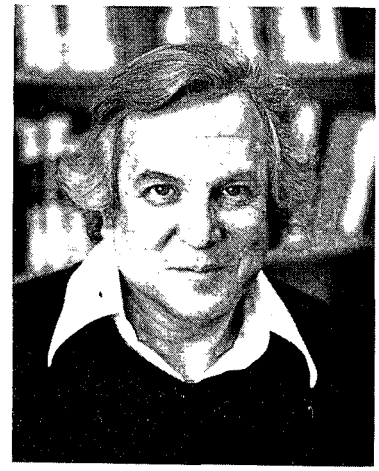

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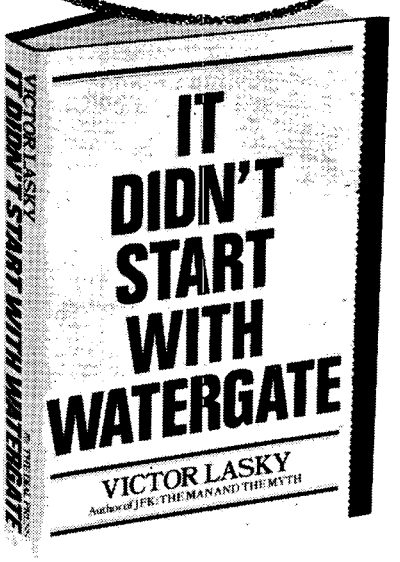

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